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EDITORIAL

As We See It

Dreamers and planners as well as thoughtful students of the trends of human thought in this and other countries, were again reminded last week of how far we really are from the "one-worldism" which some of our protectionists seem to fear so much. We say "again reminded" advisedly. The same underlying fact came forcibly to light, at least for those with eyes to see, last year when what might almost be called a campaign revolving about hopes if not plans for "currency convertibility" came to naught. Whatever reasons may have been assigned for this failure, the fact was that practically, if not literally, nowhere on this earth was there to be found a first-rate country willing to accept for itself the conditions essential to anything approaching free and full convertibility of currencies with any hope of approximate stability.

This, of course, is an old, old story. "One Worldism" in any real sense, was as foreign to the thinking and planning of the New Deal enthusiasts as it is to the protectionists. Many a hopeful but unrealistic dreamer found this fact out the hard way in 1933 when President Roosevelt sent his famous message to the London Economic Conference which not only doomed that gathering, but sealed the fate of any other designed for similar purposes so long as the philosophy of the Rooseveltian days remains in control of things in this country. True enough that President Roosevelt put an end to hopes of economic internationalism at that time on the basis of an allegation that we had not yet reached the point where we could afford to enter into any sort of international understanding which would have

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Business Outlook Good, But Some Roadblocks Exist

By HENRY G. RITER, 3rd*

President, National Association of Manufacturers
President, Thomas A. Edison, Inc., West Orange, New Jersey

In reviewing the basic economic philosophy set forth in the President's Economic Report, spokesman for NAM holds the current outlook for business is good, and the aim to encourage private enterprise and competitive markets is laudable. Finds, as main cause of concern, the declining rate of profits in business. Holds other threatening dangers are: (1) monopolistic power of labor unions; (2) deliberate policy of monetary expansion; (3) moves to rely on government to take up slack in employment; and (4) the heavy tax burden.

The basic economic philosophy set forth in the "Economic Report of the President," Jan. 20, 1955, is one which the National Association of Manufacturers can heartily endorse. Although there may be some differences of opinion on specific measures for implementing this philosophy, the President has clearly reaffirmed our historic reliance on free competitive individual enterprise as the driving and guiding force in our economy. We believe that the great potential growth depicted in the Report will be realized if — and only if — this basic faith continues to guide our government and our people.

Henry G. Riter, 3rd

The Current Economic Outlook

The President summarizes his analysis of economic developments in 1954, and prospects for 1955, in the following words:

"... the mild recession of last year was arrested and a new phase of economic expansion got under way be-

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*A statement presented by Mr. Riter to the Joint Committee on the Economic Report, Washington, D. C., Feb. 16, 1955.

New Dimensions in Air Transportation

By SELIG ALTSCHUL*

Aviation Advisory Service, New York City

Mr. Altschul describes the progress and organization of the aviation industry. He points out that the air lines now have popular support. Gives data regarding the major or "trunk" airlines' operations and indicates major airlines are now approaching a sound basis for investment. Finds airlines battling for new routes among themselves and with outsiders. Concludes, despite problems facing the industry, the airlines are capable of overcoming obstacles and are establishing a higher plateau of earning stability.

At the outset, I want to make it clear that I speak in a private capacity. My views should not be construed as those of the Hoover Commission, or of any airline or aircraft company that may now retain me or has retained me in the past.

Selig Altschul

As you know, the current Hoover Commission is shortly to release various reports designed to take government out of business. It has been my responsibility to conduct the study of the Military Air Transport Service (MATS). This particular work has been designed to supply the Commission with data for considering possible duplication of the services of MATS and commercial airline operations with a view to recommendations as to the most effective organization of the country's air transport resources, as between civil and military operations, with least possible cost to the taxpayer. I regret exceedingly that I cannot discuss this report prior to its release as developing this study has been a fascinating experience. It not only has considerable significance to the airlines but should be of vital concern to all of you as taxpayers.

It was a great privilege to have been associated with

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*An address by Mr. Altschul delivered before The Boston Investment Club, Boston, Mass., Feb. 15, 1955.

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 36.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Lerner Stores—Jacques Coe, Senior Partner, Jacques Coe & Co., New York City. (Page 2)

The Trane Company — Monte J. Gordon, Asst. Manager of Research Dept., Bache & Co., New York City. (Page 2)

JACQUES COE
Senior Partner, Jacques Coe & Co.
New York City
Members New York Stock Exchange

Lerner Stores

For the past four years the soft goods market has been neglected —Mr. and Mrs. America were spending most of their disposable income on cars, refrigerators, television sets and other so-called necessary luxuries.


Jacques Coe

This year 1955 should, and in all probability will, inaugurate a buying wave of soft goods replenishment — I expect efficiently run retail chains catering to mass buying power to do well in the period immediately ahead.

Retail sales for the whole country (four weeks ending Jan. 29) were 10% higher than in like periods of 1954. For the same period, Lerner Stores has just shown an increase of 13 6/10%.

Sales have increased from $40 million to $151 million, during the past 14 years. Immediately after the end of World War II, the net profit margin amounted to 3.20%. During the fiscal year ending Jan. 31, 1949, this figure jumped up to 4.67%. Since then, the margin of profit has declined to less than 2%. In 1953, it was only 1.68%, and the figures for 1954—that is to say, for the 12 months ending Jan. 31, 1955—should be available in another month. Percentage of profit in all probability will be about the same.

Operating profits, in percentages, before income and excess profits taxes, have moved up and down even more violently. In 1943, this figure was as high as 10%. Even in 1948, when the record earnings were $8.20 a share, before taxes, and approximately $4.90 after taxes, the primary operating profit was just under 8%.

For the past two years, gross operating profits have been as low as they can be expected to be, averaging about 3%.

I discuss these figures in some detail because therein lies the groundwork for a projected higher stock market valuation. The sales figures published last week, as above-mentioned showed an increase of just under 14% for the month of January. The management confidently expects a substantial increase in sales for 1955 over 1954, but obviously does not want to be in the forecasting business. I feel fairly secure in projecting an average 10% increase for the current fiscal year, which would make sales for the current fiscal year approximately $165 million. This figure may be low, rather than high. Furthermore, because of many improvements, economies in operation, and the strong likelihood of less sales resistance in 1955 than in 1954, I conservatively estimate a gross operating margin of profit, before taxes, of 4%, which would bring down a net of $6,600,000. Figuring taxes at the same rate as the year before, net profits would come down to $3,168,000, or $2.64 a share. This figure is probably on the low, rather than the high side.

From 1940 to 1950, when the corporation was in a fast growing period, dividend distributions did not average more than 50% of earnings. During the last five years this policy has been somewhat liberalized, with distributions averaging closer to 60% of earnings.

The management is expected to take a new look at the current dividend distribution of 30c quarterly, or $1.20 per annum. In my opinion, there is an excellent likelihood that the $1.50 annual dividend rate will be restored later on this year. By that time, the share valuation should be nearer the 30 level.

For the longer pull, it is the expectation and hope of the management eventually to return to the $2 rate of five years ago, in which event the price level could appreciate still more.

There are 29,397 shares of 4½% preferred and 1,200,000 shares of common.

Sinking fund debentures, carrying a 3% coupon, total $8,500,000 and are reduced by $300,000 annually.

There are $4 million of 4% notes payable which are also reduced $334,000 annually. Both issues are due in 1967.

As this is strictly a cash basis, there are practically no accounts receivable. Cash in bank and U. S. Government securities on hand ordinarily total between $16 million and $18 million, fluctuating according to the size of the inventory. The company pays its bills with great promptness and takes advantage of cash discounts at all opportunities.

One of our principal reasons for recommending the purchase of Lerner at this time is because of our conviction that the soft goods business, which has been in a bad way for the last three or four years, is in the primary stages of a decided upturn.

In view of the continued high employment throughout the U. S., the prospect for sales improvement in the current fiscal year is most encouraging. The Lerner management has not made a forecast for the current year, but any private estimate would, of course, be on the conservative side. It has been pointed out that gains in sales of apparel in the months of November and December were far above expectations, indicating that consumers had excess cash for personal things as well as for Christmas gifts.

All types of hard goods are tending toward more than ample supply during the last few years, and it is my belief that purchasing power of the consumer now will focus toward soft goods lines. Strong consumer buying of soft goods should permit a most satisfactory inventory turnover without the need for paring prices and sales promotions. This is one of the reasons why I believe that profit margins should be well maintained and probably increase.

The company has continued its program of improving and enlarging and adding additional stores. In the 1954 fiscal period, some $2½ million was spent for capital improvements, which compares with $4,400,000 the year before. Reserves for depreciation were close to $2 million last year. Cash items—that is to say, cash plus government bonds—aggregated approximately $16 million, compared with $18 million the year before. The reason for this was because inventories were somewhat larger.

There is a strong possibility that, in the current year, cash balances will be increased in fairly large amounts. One important contribution should be the smaller outlay for capital improvements. Landlords now attract new tenants by contributing in a large way to alteration costs, any many new units are opened up in suburban areas on a lease basis where the landlord provides all the necessary work and expenditures. The only requirement of the corporation is the usual display equipment and other minor selling material. Normally, the opening of a new unit would require the expenditure of well over $200,000, but, under the new conditions, the actual expenditure is only a fraction of this figure. Thus, in the current year, while the program of improving and adding new units will continue, the overall cash outlay should be materially reduced below the $2½ million spent last year. Altogether, there are 215 stores selling women's popular priced dress apparel, located in the important shopping centers in 42 States and the District of Columbia, with the greatest single concentration in the metropolitan New York area.

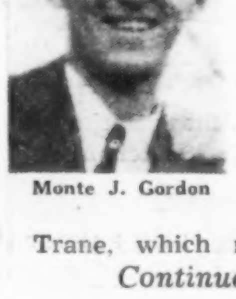
The company currently is building up its children's wear division which should expand volume still further. Currently, some 70% of the retail outlets are so equipped, and this new development is being pushed to the fullest. The management feels that there is an excellent future in children's wear, especially taking into consideration the increased population and the rising birth rate. (In 1954, over four million births were recorded in the U. S.)

In conclusion: I have talked with quite a number of department store executives in various cities throughout the country, most of whom are in direct competition with the Lerner management, and have been impressed most forcibly by the manner in which the competition refers to the Lerner management as being the most capable, intelligent, efficient and aggressive operation of its kind in the country.

MONTE J. GORDON
Asst. Mgr. of Research Dept.
Bache & Co., New York City
Members New York Stock Exchange

The Trane Company

The search for value in securities is always underway with particular emphasis during periods of sharply rising prices when optimism is running strong. During such periods, the company which has demonstrated its ability to grow in stature through capable management and the alert development of available opportunities is sought. Such a company is The Trane Co.


Monte J. Gordon

Trane, which maintains sales

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The State of the Nation

By NICHOLAS E. PETERSON*
Vice-President, First National Bank, Boston

Boston banker cites factors providing a sustaining or expanding influence on the economy. Says there may possibly be a mid-year pause in the uward trend due to strikes and summer slackness in general, but the stimulating forces are in the ascendency, both at home and abroad. Reviews briefly the economic progress in the last quarter-century, and lists among economic gains, a higher standard of living and a more equitable redistribution of income. Discusses role of government in shaping our economy, and concludes greatest threat to economic progress is political pressure on government to use monetary and fiscal policies to provide economic security.

Business activity turned upward in the fourth quarter and entered the new year at a vigorous pace. The advance was spearheaded by the sharp upturn in automobile production and by steady gains in steel output and construction activity, as well as aided by easy money conditions. The upturn was reflected in the Federal Reserve index which after leveling off during last summer at around 124% of the 1947-49 average, went up in October and rose to 130 in December, the high point of the year. Somewhat more than one-half of the set-back from the 1953 peak has been recovered.


Nicholas E. Peterson

An analysis of the chief factors governing the trend of business activity shows that the principal downward pressure exerted from the second quarter of 1953 through the first half of 1954 was the $25 billion reduction in spending for business inventories and in Federal outlays for goods and services. The downward trend of these two forces has run its course. Instead of liquidation, inventories have been accumulating since last November. Expenditures for defense have leveled off at around $40 billion, and indications are that they will continue around this level throughout the year unless a worsening in the international situation should cause an upward trend.

Other factors that will provide a sustaining or expanding influence on the economy are:

(1) Further gains in the construction industry, as indicated by the sharp increase in contracts awarded. Housing is in a vulnerable position because of the thin equity of a large proportion of new owners and because new housing starts are increasing at a much more rapid pace than family formations. The terms for financing homes are far too liberal. Mortgage debt for one-to-four family homes has passed the $75 billion mark and has nearly doubled since 1949. It is reported that 40% or more of current new home mortgages are underwritten by the Federal Government. In view of the unhealthy situation, restrictive measures may be imposed, but no drastic action will likely be taken that would cause a slump in home building. It is expected that any decline in home building will be more than offset by the increase in state and local government construction and in commercial building, so that total construction work will show a net gain for the year.

(2) Consumer spending, which constitutes the most important factor in gross national product, is running at a record pace and will likely show a moderate increase over 1954, running from $5 billion to $10 billion.

(3) Estimates made in the latter part of 1954 of business spending for plant and equipment for 1955 were about 4% below those of last year. Recently, however, there have been indications that the decline may be less than expected and may show a rise in the course of this year. In consequence, business spending may be considered as a sustaining influence.

(4) State and local purchases of goods and services have shown a steady gain since 1946, and this upward trend will continue in 1955 because of the huge pent-up demand for capital facilities.

(5) Federal stockpiling will expand. According to the President's Budget Message, "The dollar value of our stockpile of strategic materials is expected reach 78% of the minimum objective, compared with 58% in 1954."

(6) The rise in production and sales will generate "steam" for the rise in business activity sufficient to provide for an expansion in the first six months.

A Possible Mid-Year Pause

There may be a pause at mid-year due to strikes and summer slackness in general. Some authorities feel that following an expansion for the first half of the year, business may level off or decline for the rest of the year. Plausible arguments can be advanced for such a projection, including overproduction of automobiles, a decline in housing, possibilities of a continued decline in business spending, tightening of money rates, and the like.

While these factors should be given consideration in any projection of business trends, on balance it would appear that the stimulating forces are in the ascendancy in this country as well as in Canada and the principal countries of Europe outside of the "Iron Curtain." On the assumption that there will be no material

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*An address by Mr. Peterson before the Kenmore Association, Boston, Mass., Feb. 8, 1955.

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Regular Features

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Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Rocking the Rock Market

By IRA U. COBLEIGH

Enterprise Economist

An investor's eye view of synthetic diamonds, their comparative quality, their competitive position, and their possible effect on that unique, sparkling, and carat-laden monopoly, De Beers Consolidated Mines, Limited.

For millions of men there has at some time arrived a special romantic occasion, when each has been under pressure to produce a diamond. But never in all history, until last week, has any man produced a diamond under any such pressure as 1,500,000 pounds (per square inch). And jewel thieves, absconding with "hot rocks," never toted them as hot as oven temperature for synthetic diamonds—5,000 degrees Fahrenheit! Man made diamonds have copped the headlines, and rocked the rock market.

Ira U. Cobleigh

The splendidly press agented General Electric synthetic diamond is the crowning triumph of some 65 years of effort. Back around 1890 a Frenchman named Henry Moisson dashed a chunk of carbon into a seething caldron of molten iron, yanked it out in a hurry thinking that a rapid cool-off would turn the carbon into diamonds — but no dice, and no diamonds! Then, in 1901, a Scotsman named Hannay tried to lock carbons into special superheated tubes containing lithium, I believe, but the few stones he produced as a result, although resembling diamonds, were never accepted as the real thing.

The current General Electric product, however, is genuine. Only a diamond can cut a diamond—and the General Electric ones can cut diamonds; and meet all the other standard tests, as well as natural ones. The great drawback of the laboratory stones is size—about one-sixteenth of an inch, with clusters weighing one-quarter of a carat — hardly big enough for an engagement ring for a ravishing midgetess!

As a matter of fact no attempt is presently being made to produce diamonds of jewelry store sizes; but the one-quarter carat variety is widely used in many industrial processes, and depending on quality, a batch of them are worth somewhere around $6,500 a pound. These small industrial diamonds are either ground up into powder or used as they are in oil drills, dentist drills and various grinding wheels in the machine tool industry for turning out cogs, gears and pinions. Up to now the natural stones to serve this American market have been imported from Africa, and about $55 million was laid out for them last year. (The dollar value of the jewel diamond import is considerably larger.)

This brings us up to the basic economic questions. (1) Can the man-made diamonds compete with the natural variety, pricewise? (2) Are they likely to have a depressing effect on the present world market for diamonds? Answering the first question, apparently production costs at the moment make the G. E. model sell well above the African sort; but now that the pressure and heat process has been proven, refinement of it may well bring down the price to equal or even undercut the traditional rock. Taking up the second question, the world market hasn't apparently yet been affected much, but the shares of the biggest producer and distributor did have quite a gyration when the announcement was made on Feb. 15 — and General Electric advanced 3 points.

This so-called world diamond market deserves a little further inspection since it's not exactly what it sounds. It really is not a market at all—it's a monopoly, and if we had one as air tight in this country, every last Congressman would probably be investigating it! Let's see how it works.

There are three major diamond mines in South Africa — Premier Diamond Mining Co., Ltd., Consolidated Diamond Mines, Ltd., and De Beers Consolidated Mines Ltd. (which owns the first two). De Beers has three other corporations which operate at the distributing and marketing end of the business. These are Industrial Distributors Ltd., purveyor of industrial stones to the world; Diamond Trading Corp., which allocates to the four corners of the globe the gem sizes; and Diamond Corporation, which buys diamonds from just about all the other producers anywhere. Thus with supply under control, sales prices can be, and have been quite rigidly maintained in the best text book tradition of a monopoly. If, in a particular year, sales were very slow, production was stopped altogether. (This happened for three years in the depressed (30s.) From the above, you can see what might happen to De Beers, if synthetic diamonds (uncontrolled by them) hit the market in volume. But De Beers is a fabulously entrenched enterprise and it would be folly to say that the technological advance above outlined has seriously jeopardized this rich and resourceful company. De Beers has more than one string to its bow.

De Beers had at 12/31/53 $60 million in net current assets.

Another facet in the brilliant De Beers empire is its ownership of De Beers Investment Trust, Ltd., containing a choice portfolio of loans (mostly convertible into stock) and share holdings in a diversity of African gold producing enterprises. For example, of the major gold mining companies in the Orange Free State and South Africa, De Beers has a significant financial interest in 9. These are all fine gold producers in one of the most fabulous gold producing terrains in the entire world. But that's not all. The same geologic structures that contain gold also contain uranium ore. Produced usually as a byproduct from gold-tailings, uranium is becoming an increasingly important earner—and production of this awesome mineral has been accelerated by advances from South Africa's Atomic Energy Board. This uranium production opens up a whole new vista of profitability to the gold mining companies in which De Beers has a major interest.

We've talked about De Beers in diamonds, in gold and uranium, but that's not all. There's more. Another subsidiary, De Beers Industrial Corporation Ltd., penetrates a bunch of other industries and in quite a big way. It shares 50-50 with Imperial Chemical Industries Ltd. (the duPont of Great Britain), the ownership of African Chemical and Explosives, Ltd., which turns out chemicals, fertilizers, paints, etc., and has the facilities and research staff to move into atomics and nucleonics. The investment in African Chemicals stands on the books at around $25 million but present earnings and future growth potential make that valuation seem ultra conservative.

Other important holdings of De Beers Industrial Corp. include interests in an engineering company, a brick company, a lime company and two coal companies.

It would be impossible, in so brief a piece, to outline the rather complicated inter-company holding structure and if this enterprise intrigues you, you should refer to the manuals and latest reports, and perhaps make a chart for yourself, to outline just which companies own how much of what.

But in no event should you let corporate complexity dissuade you from some consideration of this eminent industrial empire. You may enter as an investor by purchasing De Beers Consolidated Mines Ltd. deferred shares which now sell in New York at around $16¾ (they sold as high as $19 last year). The annual dividend is around $1.30 indicating a current yield of about 7.6%. Corporate policy has been to pay out roughly 50% of net. Because of the ultra conservative balance sheet valuations and the labyrinthine intercompany relationships, book values are a little hard to analyze, but a going concern value of $35 a share would not be too difficult to justify by quite rudimentary techniques of analysis.

Here in De Beers, then, we have a major foreign corporation which, like Royal Dutch, Unilever, Philips Lamp Works, and East Asiatic Corp., have been attracting the attention and interest of American investors. De Beers, from an earnings standpoint, must be considered primarily as a diamond producer and merchandiser (its 1954 diamond sales were about $167 million—at the $2.70 pound). However, whereas synthetic stone production may create a real competitive problem at some point, there are so many other profit-prone facets to the De Beers organization, that we should not perhaps worry too much about rocking the rock market.

Straus, Blosser Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Alexander J. Irwin has become associated with Straus, Blosser & McDowell, 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Hornblower & Weeks.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Aggregate industrial production in the period ended on Wednesday of last week showed a slight tapering off from the level of previous week, but compared with the like week a year ago it was about 5% greater.

The tightest steel market since September, 1953, hit the steel industry this week, according to "The Iron Age," national metalworking weekly. In 1953 the trend was downward—this week it was strongly upward. Extended deliveries now have spread to most steel products with some producers already setting up third quarter flatrolled steel rolling schedules.

The volume of new steel business exceeds capacity with many steel firms this week. And there was no sign of hesitation in the strong flow of bookings. This is the picture before a seasonal bulge in steel orders reaches mills in March—usually a peak month, says this trade paper.

Steel product managers within steel companies are competing with each other for available steel and scheduling becomes more difficult each week. As the ingot rates moves toward capacity operations the situation will become acute. Consumers are not overloaded with stock.

Most steel plants are taxed by current recovery business but additional seasonal orders are expected to reach mills soon from farm implement makers, construction projects, carmakers, railroads, oil and gas companies and stampers. This upsurge may lift the ingot rate to 95% or higher, observes "The Iron Age."

A few months ago market emphasis was mostly on cold rolled sheets. A month ago the stress was on cold rolled sheets, enameling sheets, galvanized sheets and terneplate. In recent weeks demand for those items has expanded but along with that has come much heavier demand for plates, bars, semi-finished (for export), oil country goods, farm products and linepipe.

Those who had looked for a significant let-down in the third quarter are now changing their sights, declares this trade authority. Less steel will be bought by auto makers then but the changeover period will be shorter because model changes will not be extensive. Export demand will be heavy this summer and mill backlog will be somewhat larger than at present. Another cushion for steel will come from general industrial recovery and expansion.

Heavy demand from Britain, West Germany and other nations for America scrap is worrying government officials and domestic steel people. Both fear a runaway scrap market. While some additional restrictions may be put on scrap exports by the Commerce Department the brakes can't be too tight in view of State and Defense Department commitments to our allies. The final arguments will rest with State and Commerce rather than with industry, concludes this trade journal.

The automobile industry looked for a record high for passenger car production the past week.

The estimated total for the week is 174,954 cars, according to "Ward's Automotive Reports." That would be 4.1% above last week's record production of 168,059. In the corresponding week last year 113,659 cars were assembled.

Output at last week's rate, if maintained, would give an annual production of more than 9,000,000 passenger cars. The industry, however, traditionally slows down in the summer and pauses for model change-overs in the fall. Last year, 5,509,550 cars rolled off assembly lines. The record year was 1950, when 6,665,863 were built.

Meanwhile, the industry is preparing to raise its sights. A car and truck volume of 200,000 a week may be attained in March as truck producers step up output after model change-overs.

Combined production a week ago, according to "Ward's" will total 190,010 vehicles.

Truck production last week was estimated at 15,056, compared with 23,023 during the similar week last year. Truck completions were kept down by model change-overs at Chevrolet and at the General Motors Corporation truck and coach division.

Passenger car production, however, was close to capacity. General Motors was scheduled to produce nearly 86,000 units the past week, a new peak. Ford Motor Company was expected to attain a new postwar record of more than 44,000 cars, and Chrysler Corporation a new high of 34,000 cars.

The record production rate, an industry spokesman said reflects merely an attempt to build up inventories for the expected spring rush of car purchases and not in any sense a production race.

Although the producers usually hold back on precise sales figures, General Motors a week ago reported retail sales for 1955 through Feb. 10 at 361,008 cars, or 22.5% above the previous record of 287,440 set in the corresponding period of 1951.

New business incorporations rose sharply in January to reach a new all-time high point at 13,181, reports Dun & Bradstreet, Inc. This was slightly above the hitherto record monthly total of 13,006 recorded in January 1946. Last month's count at 13,181, represented a rise of 10.0% over December's 11,981, and an increase of 38.1% as compared with 9,543 carporate formations in January 1954.

Steel Output Scheduled to Show Further Expansion This Week

A healthful pickup is taking place in steel demand. It's the kind of product—not the volume—that's important, says "Steel," the weekly magazine of metalworking.

Until now, the bulk of the increase in demand for steel has been in the light, flat-rolled forms, such as cold-rolled carbon

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COMING EVENTS
In Investment Field

Feb. 25, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner at the Benjamin Franklin Hotel.

Feb. 28, 1955 (Philadelphia, Pa.)
Municipal Bond Club of Philadelphia luncheon at the Union League.

March 2, 1955 (Connecticut)
Security Traders Association of Connecticut and Connecticut Investment Bankers Association joint meeting at the Waverly Inn, Cheshire, Conn.

Mar. 11, 1955 (New York, N. Y.)
New York Security Dealers Association 29th Annual Dinner at the Biltmore Hotel.

March 11, 1955 (Toronto, Canada)
Toronto Bond Traders Association Annual Dinner at the King Edward Hotel.

March 23-25, 1955 (Pittsburgh, Pa.)
Association of Stock Exchange Firms meeting of Board of Governors.

April 4-8, 1955 (Philadelphia, Pa.)
Institute of Investment Banking at University of Pennsylvania.

April 24-27, 1955 (Houston, Tex.)
Texas Group Investment Bankers Association spring meeting at the Shamrock Hotel.

Apr. 28-29, 1955 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual outing.

Apr. 29, 1955 (New York City)
Security Traders Association of New York annual Dinner at the Waldorf Astoria.

May 8-10, 1955 (New York City)
National Federation of Financial Analysts Societies at the Hotel Commodore.

May 18-21, 1955 (White Sulphur Springs)
Investment Bankers Association Spring meeting of Board of Governors.

June 8, 1955 (New York City)
Municipal Forum of New York conference on highway financing.

June 10, 1955 (New York City)
Municipal Bond Club of New York 22nd Annual Outing at the Westchester Country Club and Beach Club, Rye, N. Y.

Sept. 11-14, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

Sept. 16-17 (Chicago, Ill.)
Investment Bankers Association Fall meeting of Board of Governors.

Sept. 21-23, 1955 (Denver, Colo.)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 16-18 (New York, N. Y.)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)
Investment Bankers Association annual Convention at Hollywood Beach Hotel.

Form Inv. Alliance

Investors Alliance, Inc. has been formed with offices at 2350 Broadway, New York City, to engage in a securities business.

Leslie L. Kunkel Opens

(Special to THE FINANCIAL CHRONICLE)

HOLYOKE, Colo. — Leslie L. Kunkel has opened offices at 118 South Interocean Avenue to conduct a securities business.

Observations . . .

By A. WILFRED MAY

TO SENATOR FULBRIGHT

To assist the Senate Banking and Currency Committee in its study of stock market prices, its Chairman, Senator Fulbright, has sent a questionnaire to "selected experts and participants in the Stock Market." We reproduce our replies sent in, as summarizing our conclusions concerning the market rise inquired about, as well as our convictions about the limitations of this type of inquiry.


A. Wilfred May

Q. (1) *What in your opinion were the principal factors causing the stock market rise beginning in the fall of 1953?*

A. The available "explanations," quantitative and qualitative, for the rise in the period about which you inquire merely typify the habitually popular rationalization of the market's short-term fluctuations. Actually, the rise during this, as any, particular period, stemmed from psychological forces — illogically and unpredictably.

From the long-term view, it was justified by its framework of real value; demonstrable by the general availability of issues at prices at which it is possible to capitalize the expected long-term dividend receipts at a rate embodying the pure rental value of one's capital plus an amount of annual reserve sufficient to amortize the investment over a term whose length is adjusted to the estimated degree of risk; and still leave a share of the equity accruing to the owner. Thus common stocks generally afford a better value than real estate.

Also, per continuing special on-the-spot studies by this writer, American equities have consistently been cheaper, on value criteria, in the U. S. than abroad.

I strongly object to your use of the term "*the* [underscoring mine] stock market rise"—cf. my *Exhibit A* attached, showing the continuing intra-market divergence.

(Exhibit A cites 15 industries in each of which at their 1954 close one issue sold much higher and another issue much lower, than their 1946 high.)

* * *

Q. (2) *Why was the rate of rise stepped up in the last month of 1954?*

A. There *never* has been a logical explanation for the timing of a short-term market movement. The factors commonly cited for the rise in the two recent periods mentioned in your queries, have nearly all been present midst completely differing, if not actually opposite, market behavior—per my *Exhibit B* enclosed herewith.

(Exhibit B details a large number of factors ranging from confidence-in-capitalism to good corporate profits to scarcity value of the institutionally-popular issues, all of which have been long present.)

Had the market fallen instead of risen in the last month of 1954, this would have likewise been completely "explained" by citation of a complete set of *bearish* factors—per my *Exhibit C* enclosed (which supplied both the bullish and bearish "explanations" in advance).

* * *

Q. (3) *Do you think there are significant similarities between the market situation now and that which prevailed in 1928-'29?*

A. While differences between the two Eras of course predominate, there is definite similarily in the widespread embracing of foibles by the market community—as the credo that "good stocks are cheap at any price" (I call it *Blue Chip-itis*); gross misconception about the stock-split, in assuming that the two parts are worth *much* more than the whole; midst an intensified speculative attitude—if not actual fever—by both professionals and public.

* * *

Q. (4) *Are there any dangers to the economy inherent in the (a) present market levels, (b) present market activity or (c) amount of credit on securities?*

A. No. This negative reply is supported by the fact that, as demonstrated above, the price distortion and undue activity have occurred in limited areas of the market.

* * *

Q. (5) *If the rate of increase in stock market prices between Sept. 1, 1953 and Jan. 1, 1955 should continue for another year, would there be any danger to the national economy?*

A. No danger commensurate with the harm ensuing from the imposition of price control or other interference with a free securities market. This conclusion assumes absence of credit expansion and, under government regulation and FRB watchfulness, of other unforeseeable abuses. Incidentally, it is respectfully suggested that if this very Study results in a finding of "nothing wrong," this may be taken as official authoritative validation of present price levels, and thus itself unwittingly enhance distortion.

* * *

Q. (6) *If the rate of increase in stock market prices between Nov. 1, 1954 and Jan. 1, 1955 should continue for another year, would there be any danger to the national economy?*

A. Answer same as to Question 5.

* * *

Q. (7) *If you believe there would be any danger to the national economy in a continuation of the stock market rise at the rate of rise between Sept. 1, 1953 and Jan. 1, 1955 or at the rate of rise between Nov. 1, 1954 and Jan. 1, 1955, what are your suggestions for avoiding this danger?*

A. Irrespective of the degree of "danger," I would encourage self-imposed discipline over exploitation via "tipping" of various kinds and via various media, and curb corporate managements' incitation to excesses via the stock-split.

* * *

Q. (8) *Is there any evidence that present government regulation of the exchange and over-the-counter security markets are inadequate? If so, explain and suggest how this can be corrected.*

(My reply to this question, with elaboration on this broad matter, will be given in a subsequent column.)

* * *

Q. (9) *To what extent do fluctuations in the stock market bring about changes in general business conditions? To what extent do changes in general business conditions influence the stock market?*

A. Since the onset of World War I, there has, with the epochal exception of 1929-'32, been *no* correlation between stock market fluctuations and general business conditions. The complete divergence between stock price movements and supposedly relevant business phenomena during the First World War, in the 1920's, in the mid-'30's, from 1946-'47, and since 1950, *is detailed in Exhibit "D"* attached hereto. (Exhibit D shows with detailed supporting data the lack of correlation between stock price movements and "business." Such non-correlation has likewise applied to bonuses handed to Veterans and taxpayers, *SENATOR* Fulbright.)

An inconoclastic statement, I realize—but undeniably true.

Joins F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William F. Carr has become associated with F. S. Moseley & Co., 135 South La Salle Street. He was formerly with Northern Trust Company.

With Webber-Simpson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John R. Agamy has become connected with Webber-Simpson & Co., 208 South La Salle Street, members of the Midwest Stock Exchange.

Now With Hicks & Price

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Alfred L. Shorr has become connected with Hicks & Price, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Miller, Spink & Co.

With Oscar Kraft

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William H. Allingham has become associated with Oscar F. Kraft & Co., 530 West Sixth Street.

Capitalism and Militarism

By WILLIAM H. PETERSON*
Associate Professor of Economics
Graduate School of Business Administration,
New York University

Posing the question whether the vast obligations undertaken by the nation's foreign policy is strategically feasible and economically possible, Dr. Peterson finds war is unproductive of the ends sought. Lists as forces, which, though not seeking war, but whose actions lead to war: (1) politicians; (2) bureaucrats; (3) socialists; (4) lobbies; and (5) desire of people for peace. Says collective security is an empty dream. Advocates policy of *de facto* recognition, including Red China.

On V-J Day the United States, her enemies vanquished, was legally bound to defend only its own homeland, territories, and possessions — a population of 145 million and an area of 3½ million square miles. Ten years later the United States now stands as military guardian or purveyor to one and one-half billion people. Such treaties as NATO, SEATO, and BRUTO have called for American troops in 49 countries and air bases on every continent. America, with 7% of the earth's surface and 6% of the world's population, is committed to defend 54% of the world's land area and 61% of the world population.[1]

Dr. W. H. Peterson

Are such vast obligations strategically feasible and economically possible?

Tonight, as we meet, American carriers patrol the dangerous Formosan waters. Steps are underway to evacuate Chinese Nationalist troops from the Tachen Islands. Last year we nearly went to war three times: (1) when Admiral Radford recommended an air strike in Indo-China; (2) when a Red attack was launched on Quemoy; and (3) when a blockade was urged to free 11 captured and American airmen. New Koreas and new Pearl Harbors may be just beyond the immediate horizon.

We live in an age of war. The past couple of generations have witnessed American fighting men in action far from American shores—on the sands of North Africa, the mountains of Italy, the fields of Normandy, the valleys of the Rhine and Ruhr, the jungles of the South Pacific, and the rice paddies of Korea. Blood was spilled in these efforts. We suffered 360,000 casualties in World War I, more than a million casualties in World War II, and 130,000 casualties in Korea. We left 25,000 of our battle dead in Korea.

Military intervention has become a permanent public policy. The President has asked for four years' extension of the draft and a 10-year modified universal military training program. He has also asked for a continuation of the foreign economic and military aid program, as well as authority to impose stand-by controls on the economy whenever he declares an emergency.

Before our program of global intervention in World War II, annual expenditures for defense totaled about a billion dollars a year. In the years after World War II, defense spending averaged about 15 billion annually. In the years after Korea, defense spending has risen to between 35 and 45 billion annually. In short, defense spending, exclusive of war, has shot up about 40 times in 15 years.

The portent of all this is a policy of military intervention in proportions never before witnessed by the world. This bipartisan policy is our attempt to enforce a Pax Americana upon the world where a Pax Romana and a Pax Britannica have failed. Interventionists applaud the Pax Americana. It is, they say, the price of "world leadership." Where is this leadership taking us? Have our ends been met through military intervention?

When World War I broke out in Europe, President Wilson declared that the U. S. would avoid "that deepest, most subtle, most essential breach of neutrality which may spring out of partisanship, out of passionately taking sides. The United States must be neutral in fact as well as in name."[2] In 1916 he campaigned on the platform, "He Kept Us Out of War." Yet in January of 1916 Wilson sent his right hand man, Col. House, to England to let the British know we would enter the war when "he could bring American opinion to that point."[3] In April of 1917 the U. S. declared war on Germany and Austria "to make the world safe for democracy" and for "peace without victory."

We got neither. Instead we got victory without peace and a world unsafe and undemocratic. We got much more, too. Conscription. Five million in uniform, two million of whom were shipped overseas. Dead and wounded in the hundreds of thousands. Debt and inflation which contributed to two severe depressions. Government seizure of the railroads. Socialistic controls over industry, agriculture, and labor. Greatly expanded power for the Executive. The war had been a snare and delusion. The Kaiser was gone but Lenin had taken his place. Wilson stumped an unsympathetic nation to get us into the League. The Senate rejected the Treaty of Versailles.

We vowed we would never pay such a cruel price again. When war clouds appeared in Europe during the '30s, Congress overwhelmingly passed acts of neutrality. Citizens were prohibited from traveling on belligerent ships trading with a warring nation, or in any way acting in a manner inimicable to U. S. neutrality. In the summer of 1937 President Roosevelt spoke of "our national determination to keep free from foreign wars and foreign entanglements."[4]

But in the fall of 1937, coincidental with a sharp downturn in business, the President revealed an unneutral attitude in his "Quarantine" speech:

"Let no one imagine that America will escape, that America may expect mercy, that this Western Hemisphere will not be attacked and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization."[5]

War involvement proceeded rapidly. Congress repealed the neutrality laws, and Britain and France were permitted to buy arms on a "cash-and-carry" basis. Without Congressional authority, the President handed over to Britain 50 "overage" destroyers. Conscription, sugar-coated as the Selective Service Act, came. The President declared: "We must become the great arsenal of democracy." Meanwhile, in the campaign of 1940, he promised again and again that he would never send our boys to fight in foreign wars.

Lend-Lease was passed. The law empowered the President to "sell, transfer title to, exchange, lease, lend, or otherwise dispose of . . . any defense article" to any nation whose defense he "deems vital to the defense of the United States." The President secretly ordered the Navy to convoy British and American ships loaded with arms to England. Shooting started and although the American people were ignorant of it, we were warring with Germany at sea long before Pearl Harbor.[6]

When the battle of the titans began in June, 1941—Hitler vs. Stalin—Roosevelt showed no hesitancy as to which dictator he would support. Massive Lend-Lease was ordered shipped to Russia. Senator Taft objected strongly:

"To spread the four freedoms throughout the world we will ship airplanes and tanks and guns to Communist Russia. But no country was more responsible for the present war and Germany's aggression than Russia itself. Except for the Russian pact with Germany there would have been invasion of Poland. Then Russia proved to be as much of an aggressor as Germany. In the name of democracy we are to make a Communist alliance with the most ruthless dictator in the world. . . . But the victory of Communism in the world would be far more dangerous to the United States than the victory of Fascism. There has never been the slightest danger that the people of this country would ever embrace Bundism or Nazism. . . . But Communism masquerades, often successfully under the guise of democracy."[7]

As with all wars, World War II cost much but proved little. The fine principles of the Atlantic Charter and the Four Freedoms were jettisoned during the war. The Morgenthau Plan to reduce Germany to a rural economy was announced at Quebec. Lithuania, Estonia, Latvia, Poland, and Northern Korea were delivered to the Communists at Yalta. We liberated Europe from Hitler to deliver most of it to Stalin. We liberated Asia from Tojo only to deliver most of it to Mao Tse-Tung. In Korea we created more problems than we solved. Domestically, the State expanded and freedom shrunk.

If the crucible of war is so unproductive of the ends sought, why have our leaders spanned oceans to find war. What are the forces behind war? Who are the interventionists and what are their motivations? The following analysis describes those who do not seek war but whose actions lead to war:

(1) **Politicians:** The supreme interest of politicians is the retention and expansion of power. War and military activity are means to that end. Under "preparedness" and "defense" politicians are able to marshall the very essence of power — armed forces. Hence, the frequency of Latin-American politicians in uniform, from colonel on up.

Political power lies in conquest — new lands, new peoples, the

Continued on page 34

*An address by Dr. Peterson before the Ad-Sell League, Omaha, Neb.

1 "American Defense Commitments Circle the World." U. S. News and World Report, 2/12/54.

2 Quoted by Rene A. Wormser, *The Myth of Good and Bad Nations*, Chicago, 1954, p. 93.

3 Ibid., p. 42.

4 Chas. A. Beard, *American Foreign Policy in the Making, 1932-1940*, 1946, p. 183.

5 Speech, Chicago, Oct. 5, 1937.

6 Admiral Stark's report on *Greer* incident, *Congressional Record*, 77th Cong., 1st Session, Vol. 87, Part 8, p. 8314.

7 *Human Events*, March 28, 1951.

From Washington Ahead of the News

By CARLISLE BARGERON

The late Senator Arthur Vandenberg was one of the ablest men ever to serve in the United States Senate. At the time of his death he was generally so recognized. But up until about 1945 he was generally belittled in most of the Eastern press, characterized as a small-minded provincial bore. This was because he was a so-called isolationist.

Carlisle Bargeron

It is a commentary on American propaganda that he became a great statesman almost overnight. He hadn't really acquired any additional mental capacity, any additional knowledge. He had simply decided to become an internationalist. He had fought as hard and as ably as any one man could fight against our involvement in World War II. But it had come and he, richly endowed with intelligence, was a very practical man and he had become tired of the abuse he had taken.

Anyway, in spite of his efforts, we had become involved in World War II, and he recanted his isolationalism in a speech that has become almost as historical as Washington's Farewell Address. Having recanted, he set out to apply the same ability and energy which he had given to isolationism to internationalism and he became the originator of the United Nations. From there on he was forever sealed in the hearts of his Eastern editor fellow countrymen.

Now, another and younger man with ability and energy, is arising to take his former place as a foremost spokesman of American nationalism. I am referring to the Senate Republican leader, Senator William F. Knowland. He will have the same hard row to travel that Vandenberg had. He will be smeared as an "isolationist" when really the term has no meaning in these days and times. But he is steadily lifting his voice in favor of American self-interest at a time when our national atmosphere is altogether against it, in the matter of the tariff, in the matter of foreign aid, in fact, seemingly in all fields of international relations.

In a speech in San Francisco a few days ago which, strangely enough, received little or no attention in the East the Senator sharply challenged the effectiveness of the United Nations with whose organization Vandenberg had so much to do. He pointed out that the United States supplied 90% of the manpower in the Korean War and more than 90% of the resources. Just how then, asked, can we look to it as an agency of collective security.

He admitted that it might be useful as an international forum if the debates got behind the Iron Curtain. But the fact is that the UN has served, with this country paying most of the bill, as nothing more than a propaganda medium for the Communists against the Free World. Yet we were flattered to death when the Russians insisted at the San Francisco charter meeting that UN be set up in this country instead of Geneva or some other place.

Knowland's speech is more significant though, than an attack upon the cherished citadel of American internationalists. It follows upon his repeated questioning or criticism of the Administration's Asian policy. I have not been able to follow him on this line. Admittedly, Korea was a fiasco but Eisenhower brought the fighting to an end and there isn't any doubt in my mind that the American people wanted it brought to an end. Undoubtedly, when we intervened they expected a victory instead of the futile loss of lives we experienced. But by the time Eisenhower came in the American people, to my mind, were willing to assess it as the fiasco it was and to call it quits.

It is also my conviction that they don't want to get involved in a shooting war in that area again and that Mr. Eisenhower's serving a second term turns more upon his ability to keep us out than anything else.

But if I correctly understand what Senator Knowland is driving at, it is that our foreign policy should be based upon what we think best serves our own national interest and not what Britain or France thinks, least of all what the United Nations thinks. In that light it is good to see an able, energetic leader arising in this country. But to carry on will take considerable courage on his part. Already there are demands that he should be ousted from his leadership in the Senate.

With American Secs.

(Special to The Financial Chronicle)

BOSTON, Mass.—Cyril Wyche, Jr. has become connected with American Securities Corporation, 53 State Street. He was previously with F. S. Moseley & Co. and Keizer & Co.

Bell With A. G. Edwards

(Special to The Financial Chronicle)

JACKSONVILLE, Ill.—John W. Bell has become associated with A. G. Edwards & Sons Savings & Loan Building. Mr. Bell was formerly local manager for Uhlmann & Benjamin.

"American Business—Unlimited"

By R. PERRY SHORTS*

President, Second National Bank and Trust Company, Saginaw, Mich.

Asserting America must keep private business solvent to keep the nation prosperous, Michigan banker urges encouragement of private initiative, without undue restraint of government controls. For individuals, he prescribes thrift, hard work and old-fashioned honesty; for corporation, the redevelopment and maintenance of cooperation between labor, capital and brains. Concludes there is no substitute for courage and enterprise, and advocates "getting behind the trustworthy President we have in Washington."

The American banker of today has an interesting job. His daily work rubs him against businessmen of all sorts and descriptions. He learns their business secrets and all the tricks of their trades. They speak the same language and they feast or starve together. In fact, I heard of one businessman the other day who specified in his will that all of his pallbearers should be bankers, and when asked for an explanation he replied, "Well, these bankers have been carrying me all my life and I'd like to have them finish the job."

R. Perry Shorts

But all these contacts bring him in close touch with the comedies and tragedies of business life and peculiarly equip him to discuss American business as it is today and its promises and prospects of tomorrow.

And right here, let me give you a few figures to show what a rare specimen the successful businessman is in any community. I recently read some statistics which so impressed me that I wrote them down—and here they are: of 100 people 35 years of age, 36 will be dead at 65; 54 will be dependent upon others; 5 will be working for a meager living; 4 will be comfortably well off; and only 1 will be independently rich. Only 5 in 100 are what we term successful. The danger line begins at age 40. Between 40 and 50, over 90% of all men meet reverses and lose their money. The average life of manufacturing concerns is 7 years—and of retail stores 7.1 years. Nearly 50% of all corporations on the average don't make a dollar of profit. Yet we must not forget that 7 our of every 8 workers are employed by private business—and so it is of first importance that our great country keeps private business solvent and prosperous.

What Is American Business?

And so, you younger men may well ask—just what is American business anyway, and why is it so "tough" that only 5 in 100 are successful? Well, American business is that force which conducts commerce between men and nations; provides a living for our 164 millions of people; develops the industries which furnish the jobs for our 63 millions of laboring men; and in the last analysis, constitutes the **powerhouse** of our great American Republic.

American prosperity **exists** when every industry is working steadily, producing just the right amount of its particular products to meet the requirements of all other industries depending upon it for supplies. And so, the highest purpose of every government should be to encourage industry and keep it running steadily because a variation of only 10% in the quantity of goods produced in any year marks the difference between prosperity and depression.

This is because our industries are dependent one upon the other —"all bound round with a woolen string" — whether we like it or not. Viewing it broadly, every state in the Union and every workman in every state benefits by virtually everything that is produced in industry. Production means prosperity — nonproduction means depression. You can't increase wealth by not producing goods — law or no law. A new ship in New York calls for a new warehouse in Seattle—and a healthy prosperity in Michigan or Kansas or Illinois spreads its beneficent influence all over our great country. Prosperity is contagious—and so is depression. We are all brothers and sisters—all working together — each in his own particular calling — for the growth and prosperity of our one big American family.

Forces That Make the Wheels Go Round

We Americans are living in the grandest country on the face of the earth. You don't have to be very brilliant to make a living here. All you have to do is to use your God-given brains and follow the simple formula of **thrift, hard work** and old fashioned **honesty**. Money used to do all the talking, but now it whispers reverently in the presence of brains. Henry Ford had a good idea, but no money. He finally induced a few men who had money, to risk $28,000 of it to make more money by developing **his** idea. Thus, one man with brains, other men with "risk capital," and a few good workmen, went into partnership, and they all prospered — and in the process many other stockholders have since benefited and new **jobs** have been created for over 185,000 employees. His idea created new wealth, new business and new jobs.

Here, and right in front of our eyes is the American Free Enterprise system at its best—a combination of Labor and Capital and Brains—and through its countrywide operation prosperity has been spread over millions of our people and we have become the richest and strongest nation on the earth. Our thousands of corporations are owned by 6½ millions of our people. Any man who has saved $100 can buy one or more shares in almost any corporation in America. The American Tel and Tel alone is owned by over 1,250,000 stockholders. Critics attack our capitalistic system, but no one attacks the standards of living it provides — broadest ownership, highest wages, shortest hours, lowest prices, greatest abundance of the good things of life, and every man free to work **when, where** and **if** he chooses. A way back in ancient times, Horace, the wise old philosopher, said: "If a better system is thine, impart it; if not, make use of mine." This is America's challenge to the world today.

How to Pass Prosperity Around

And so, don't let any politician tell you that our laboring men can not share in the prosperity of American Business. One of our grandest blessings is the opportunity we all have to employ other men of outstanding ability to **work for us.** Of course, no man is rich enough to hire Leland Doan at his employee—but he can indirectly accomplish this very result by investing some of his savings in Dow Chemical Company stock. From that moment on Leland Doan is working **for him**, and he will receive his full share of the fruits of his labors. Most of the managers of our big corporations of today (including Leland Doan) were once poor men who saved their wages, bought their company's stock, and then worked like beavers to climb to the top. They won their high stations thru **thrift, hard work** and old-fashioned **honesty.** So when you spot some good business manager in whom you have great confidence, buy some stock in his company and get him working for you.

All our laboring men have to do to share in business prosperity, is to **save their money** and invest it wisely. Why do you know, that if the 1,200,000 railroad employees in America today (who are so frequently striking for higher wages) would just set aside $85 each, they could buy the controlling interest of the whole New York Central Railroad System—and if each would save just $100 a year for five years, they could buy the controlling interest of all the railroad systems from Chicago to the Atlantic Seaboard. Or, (as Ben Fairless suggests) if the 300,000 employees of the United States Steel Corporation would just set aside $15 a week, they could buy the controlling interest in the whole corporation in less than four years' time.

Right here and now in America, we have an economic system that beats Socialism and Communism a mile; where the workers themselves can own and control their own corporations — and do it without a bloody revolution, or any change whatever in Government. All our workers have to do is to **save their money** and **buy** the corporations they want to own. They could then fire their present bosses, elect their own Boards of Directors and raise their wages whenever they liked. Perhaps they would then be surprised to learn that their real **employers** were not their bosses at all, but the **customers** of their corporations—and if their costs ran up too high, it wouldn't be long before they would lose first their **customers**, then their **jobs** and finally their **investments** too. Corporations need manual labor all right but they can't make money unless they have management **brains** to run them.

Opportunities for Growth

And think of the opportunities for unlimited growth that lie ahead of us. Some people can see nothing but gloom and doom ahead—but I just can't see it that way. Our population is increasing at an amazing rate—and **more people means more business.** Furthermore, since World War II, over $110 billion have been invested in new plants and equipment. More plants mean more production, more **production** means more jobs, more jobs mean more income, and more income means more demands for more goods, which in turn means still more production. **Expansion feeds on itself**—and you can't stop expansion as long as we are constantly building new plants and producing new customers at the rate of 11,000 new babies per day. And you Bean men will prosper too, for more babies today mean more "Beans" later on when they join the Army.

And look at the new products that are coming on the market and the new jobs being created to make and sell them — orlon and dacron, vitamins **and wonder** drugs, saran and **ethyl, synthetic** rubber and DDT. **In fact 40% of** all the products **on the market** today were never **even heard of** 50 years ago. And **when it comes** to foodstuffs, **you Bean men** know that the **progressing** confusion is doubly **confounding.** As one writer puts it, **"If plain rice** won't sell at 7 cents **a pound, they** change it into **puffed rice and sell** it at 61 cents; **wheat at 2½** cents becomes puffed **wheat at 68** cents; corn at 1¼ cents **becomes** cornflakes at 20 cents. **Fish are** fighting fowl — and **sugar beets** are fighting Al Riedel's **"Jack Rabbit"** beans. Every **food from** soup to nuts is **fighting for a bigger** place in our **poor old American** stomach— **sauerkraut and pickles**, prunes and **spaghetti, coffee** and postum, oatmeal **and grapenuts**—no wonder the **poor bankers** are suffering from **stomach** ulcers.

But **while considering** American business **today and its** prospects of tomorrow, **we must never** forget that it is **Private Enterprise**, and not Government, that makes our country **prosperous**—and that there is **more danger in** big Government **than in big** business. Our Government **was set up** to help us—**not to run us.** The best friend of the **common** people is not the **politician** (who produces nothing) **nor the** Government (which **has no** resources except the taxes **it collects** from you and me)—**but the Businessmen of America whose** success or failure cast **a profound influence** upon every **job, every** school, every church **and every home** in the whole United **States.** Bankrupt business and **you bankrupt** everybody, including **the** Government.

It is **Private Enterprise** that builds our cities, **bridges** our rivers, erects our **skyscrapers** and our schools and **our churches,**

Continued on page 31

*An address by Mr. Shorts at the 62nd Annual Convention of the Michigan Bean Shippers Association, Saginaw, Mich., Jan. 28, 1955.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Bank Stock Analyzer—Tabulation—Blair & Co., Incorporated, 44 Wall Street, New York 5, N. Y.

Canadian Letter—Fortnightly review of the Canadian Securities Market—Newling & Co., 21 West 44th Street, New York 36, N. Y.

Earnings Performance of Japanese Stocks—In current issue of Weekly Stock Bulletin — The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

Electric Utilities in Japan—In current "Monthly Stock Digest" with particular reference to **Chugoku Electric Power Co., Ltd., Hokuriku Electric Power Co., Ltd.** and **Hokkaido Electric Power Co., Ltd.**—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. and 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan.

Electronic Dollars & Sense—Bulletin—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available are bulletins on **Litton Industries, Inc.** and **Atoms in Business.**

International Oils—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Low Priced Speculative Stocks — Tabulation — Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

New York City Banks—Breakdown of government bond portfolios and sources of gross income of 16 New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, New York.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

What Atomic Energy Is and How It Is Applied—4-color sheet with listing of 100 atomic stocks—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

* * *

Argus Cameras, Inc.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Virginia Orange Free State Gold Mining Co.**

Atlas Plywood Corporation—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **General Petroleums of Canada Ltd.**

Bonanza Oil & Mine—Report—L. D. Friedman & Co., Inc., 52 Broadway, New York 4, N. Y.

Bucyrus Erie Co.—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Chicago & Eastern Illinois Railroad—Bulletin (No. 186)—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Cinerama Productions Corp.—Analysis—John R. Boland & Co., 30 Broad Street, New York 4, N. Y.

Empire State Oil—Circular—Hay, Fales & Co., 71 Broadway, New York 6, N. Y.

General Dry Batteries Inc.—Data—Lewis & Stoehr, Inc., 80 Broad Street, New York 4, N. Y.

Glidden Company—Analysis—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Hertz Corp. — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a bulletin on **California Electric Power** and **Rockland Light & Power.**

Lepanto Consolidated Mining Company — Analysis — Carl Marks & Co., Inc., 50 Broad Street, New York 4, N. Y.

Mercast Corp. — Memorandum — Leason & Co., 39 South La Salle Street, Chicago 3, Ill.

Merganthaler Linotype Co. — Analysis — Granger & Company, 111 Broadway, New York 6, N. Y.

New England Lime Company—Analysis—Dayton Haigney & Co., Inc., 75 Federal Street, Boston 10, Mass.

Norris Thermador Corp.—Memorandum—Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif.

Pennsylvania Railroad Co. — Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a list of candidates for stock dividends or splits. Also available is a list of market **Leaders vs. Laggards.**

Pillsbury Mills, Inc.—Memorandum—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Public Service Co. of New Hampshire—Highlights—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Riddle Airlines, Inc.—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Time, Inc.—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

U. & I. Uranium, Inc. — Analysis — George A. Searight, 115 Broadway, New York 6, N. Y.

Union Carbide & Carbon Corporation—Annual report—Secretary, Union Carbide & Carbon Corporation, 30 East 42nd Street, New York 17, N. Y. Also available with the report is an illustrated booklet describing the corporation's products—alloys, carbons, gases, chemicals and plastics.

U. S. Vitamin Corporation — Report — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Hear! Hear!

Mr. Edison had political convictions. He did not, however, trade on his reputation as a great scientist to influence public opinion on foreign or defense policy or on other political matters outside his field of special competence.

"In that, of course, he was not like some present day scientists. I do not recall, for example, that he broadcast to the nation advice on how to rewrite the immigration laws. He had none of the egotism which leads some scientists to equate scientific wisdom and wisdom in all the other affairs of life."—Senator J. W. Bricker.


John W. Bricker

If only all the scientific geniuses of today would take these words to heart!

Eastman, Dillon & Co. To Admit Partners

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange on March 3rd will admit S. Logan Stirling and S. Stewart Alcorn, Jr. to partnership. Mr. Stirling is manager of the investment research department in the New York office. Mr. Alcorn is manager of the sales department in the Philadelphia office, 225 South 15th Street.

On the same date Matthias Plum will become a limited partner as trustee under two trust indentures.

Bosworth, Sullivan to Admit G. F. Muller

DENVER, Colo.—On March 3rd George B. Fisher will be admitted to partnership in Bosworth, Sullivan & Co., 660 Seventeenth Street, members of the New York Stock Exchange. Mr. Fisher is associated with the firm in charge of the statistical department.

Joins Ashton Staff

(Special to The Financial Chronicle)

DETROIT, Mich. — Charles E. Chapman is now affiliated with Ashton & Co., 15315 West McNichols Road.

Reynolds Opens New Minneapolis Branch

MINNEAPOLIS, Minn. — Reynolds & Co., members of the New York Stock Exchange and other principal exchanges, announce the opening of a new branch office in Minneapolis, Minn., at 629 Second Avenue South.

Associated with the firm in the new office are Arthur E. Geggie, Jr., resident manager; R. C. Mees, manager; and Dale R. Wikman and William W. Lewis, registered representatives.

Joins Morgan Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Howard D. Dawson has become associated with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Dawson was formerly with Hill Richards & Co., and Walston, Hoffman & Goodwin.

Milton Shuck Opens

BRONX, N. Y.—Milton Shuck is conducting a securities business from offices at 1434 Plimpton Aveue, under the firm name of M. J. Shuck Co.

Alex Weinstein Opens

BROOKLYN, N.Y.—Alex Weinstein has opened offices at 3715 Kings Highway to engage in a securities business.

Our Reporter's Report

The irregularly lower trend prevailing in the government division of the investment market has tended to slow down interest in the corporate section of the list.

This is particularly true insofar as inquiries by institutional portfolio managers are concerned, according to observers. They find that some potential buying orders that appeared to have been developing have been scared off at least for the present.

With a rather full calendar building up for the future prospective buyers are extremely cautious and willing, at the moment, to turn their attention temporarily to the mortgage market and firms seeking to place debt issues directly.

Latest reports indicate that while Kansas City Power & Light Co.'s recent offering of 30-year bonds has been pretty well cleaned up, only small amounts are reported remaining around, Dallas Power & Light's smaller offering still is a bit on the laggard side.

The experience of these two issues is generally alluded to as a good illustration of the present temper of the market. The prime requisite, it appears, is that the pricing be "realistic" from the standpoint of the buyer.

Texas Electric Service Co.'s offering of $17,000,000 of 30-year, first mortgage bonds, is the immediate job in hand. Bid in at 101.5129 and re-offered as 3¼s, at 102.127, to yield 3.14%, market observers were watching to see what would be the response of institutional buyers.

Big One Goes Direct

There were plenty of green-eyed stares among investment bankers as the news came out of Goodyear Tire & Rubber Co.'s direct placement of a $50,000,000 loan with a group of insurance companies.

The big tire maker was able to negotiate its new accomodation on a 100-year basis, something which would have made such a venture in the open market a bit difficult at the 3¾% coupon rate involved.

The new notes are subject to prepayment at the option of the issuer but will not involve any fixed sinking fund or restrictions on common dividend payments. And they will be convertible, in certain contingencies, to shorter-maturity, lower-interest rate paper.

Free Leg for Rock Island

Chicago, Rock Island & Pacific has convinced the Interstate Commerce Commission that competitive bidding is not necessary in its plan to sell $65,000,000 of income debentures.

The Federal agency, in waiving such requirement, said the carrier did not have to advertise for bids, but that it later would require ICC approval to issue the debentures.

The issue is being offered under a plan to retire the preferred stock which may be converted into common on a share-for-share basis. If all holders convert prior to the debenture sale date, the company noted, no sale would be necessary.

The Nation's Economy: A Look Back and Ahead

By FRANK M. CRYAN*
Partner, McLaughlin, Cryan & Co., New York City
Members, New York Stock Exchange

Mr. Cryan, stating that the past 25 years of our national economy should only be looked at as guide-posts to the next 25 years, gives a business forecast of growth and development of the United States as far ahead as 1975. Stresses importance of investing in growth industries and lists 12 questions that should be asked before investing in an industry.

The past 25 years in our National economy should only be looked upon in retrospect, as guide-posts towards the next 25 years, thus enabling us to avoid the economic chasms which are inextricably a part of an economy as dynamic as that of the United States. During the course of this discourse I will attempt to illustrate the extraordinary opportunities which exist for young men, particularly those who have the advantages of college education, similar to that which you will have received at the great University of Notre Dame.


Frank M. Cryan

Insurance statistics have shown in the past that out of every 100 young men at the age of 25, after a period of 40 years have elapsed, 36 have died; 54 have become dependent on relatives or charity; five are still working; four are well-to-do; and one is rich. These figures sound almost incredible—nevertheless, they are substantially correct. The reasons for such a high mortality are numerous, among which is lack of interest in what goes on, beyond getting three meals a day and a place in which to sleep — some people call it lack of initiative, or we might list it as lack of capacity to create a niche for ourselves in the economic scheme of things.

Keep this in mind! There are no two people alike!

I have given many discourses on this and many similar topics and I have divided our commercial society into four different kinds:

Type	Proportion
INDIFFERENTS	50%
STUDENTS	27
ADEPTS	12
MASTERS	1

The reason for so few Masters is that no man ever became a Master before he was first a student and then an adept. The thought principally uppermost in my mind is to arouse the indifferent's interest to become a keen student, the student's interest into becoming an adept, and the adept into a Master, because success is governed by law—not by luck.

For instance, *There are three kinds of law:*

(a) Statutory Law, such as Federal, State and Municipal Law.

(b) Law of custom — decrees that we shall wear business clothes to work, neckties, etc.

(c) Law of human nature — That is one of the most important, so far as individuals are concerned, to the extent that we harmonize with all of those laws if we expect to succeed.

The extraordinary economic growth of the United States in the past 50 years can be attributed largely to the people of this country harmonizing with these specific laws, despite the fact that the mortality has been high. In all probability, during the next 25 years those of you who are gathered in this auditorium today will likewise succeed in proportion to your adherence to some of these basic concepts, which we have illustrated thus far. That is exemplified to a large degree, by one of the men of this great University, whom the world called "*The Man-Maker,*" Knute Rockne.

A homely man, with a wide grin, Knute practically invented football. He thought football the way Beethoven thought symphonies. . . . He was a natural. He taught them how to run; how to stand firm; how to fall down; how to take care of themselves and live right. Boys grew in every direction under Knute's great training. He was not just a man of muscle—Knute was a thinker. He invented plays that would leave the other team wishing they had thought of them first. Knute taught boys to be men. He put muscle into their characters. He taught them to want to win for the team, for the greatest satisfaction is not to win for yourself, but to win with others. We have had a lot of men in this country who taught us how to live with manliness, enthusiasm and pride, but none, in my opinion, ever excelled Knute Rockne, who played the game according to the rules. . . . So it is, as we go into the business world determined to succeed, we must first of all realize that success depends on a great many things. The way not to fail is to determine to succeed, through the great mental powers by which we were endowed by the Almighty God; to learn to think, to reason and imagine, for therein lies the great reservoir of human power.

I was a guest speaker at a convention held in Sun Valley, Idaho. After the convention I went to Spokane, Wash., then down the Coast to San Francisco — from there to Dallas and Fort Worth, Memphis, Tenn. and back to New York. During this trip I couldn't help but appreciate the enormous size of this great country of ours, with commercial potentialities beyond human imagination. While a guest of one of the leading investment bankers in San Francisco, I was told that there are approximately 1,000 people a day moving into the State of California. That doesn't include the natural increase in its population.

Business is surging ahead in leaps and bounds, at a rate exceeding the fondest expectations of all leading economists in this section of the country. The Southwest with its great natural resources is enjoying a period of productivity with almost startling results. This is likewise true in the South. I made a business trip to Atlanta, Ga. several months ago. This great city is recognized as the business hub of the South. Its population and business have almost doubled within the past decade. These signs of growth and business production meet the eye wherever you travel throughout the country, all of which indicates the great opportunities in the United States.

It has not always been this way. We have had tough rows to hoe. Let us turn the clock back, if we may, 25 years, when the population of this country was 120 million people, with average annual earnings of $1,000 per year for 50 hours a week work. The savings of our people then were $34 billion, and the stock market reached a high approximately 390 in the terms of the Dow-Jones averages. We watched those averages hit the depression low in 1932 of 40. These were cold financial days. We were not thinking then of TV sets, refrigerators, or automobiles. The net steel capacity had fallen to less than 70 million tons per annum. The "1930s" were tough; they were hard; it took men with fortitude to retain their belief that the U. S. A. was not a short sale.

They were dark years indeed, but it is true that the darkest hour is always before the dawn. It was true two thousand years ago, and it is true today. American business then met the depression head-on and met the devastating extensive war which followed, successfully. Our population is now 170 million—the average annual wage has increased to $4,200 per annum—the hours per week are down from 48 to 35 and savings are at an all-time high of $150 billion. Cars, refrigerators and TV sets are at a rate of about four-to-one for every person in the country, with steel running at one of its highest capacities of 125 million tons. Life expectance has been increased by 12 years. Among the most interesting facts about the changes of the economy of our country during the past 25 years are the 20% higher birth rate, and the more than double the number of people aged 65 years and over.

Big gains on the production side are even more impressive. Production of electricity has been multiplied $4\frac{1}{2}$ times. The same applies to natural gas. Oil $2\frac{1}{2}$ times. Now, there is a new source of energy—nuclear power—something unforeseen 25 years ago.

American business is headed for an unparalleled increase and you can participate in it, if you so desire.

All-out war will be avoided. But defense spending will stay high.

No radical advances in technology will appear that might speed up the normal pace of business growth.

Business activity will have its ups and downs in the intervening years, but conditions in future dips of the business cycle will be more stable than in the past. The days of severe depressions are believed to be over.

Twenty years from now the United States is expected to have a population of 212 million people, with individual incomes approaching $367 billion, compared with the all-time high of $253 billion in 1954. Accordingly, this great growth will manifest itself in the stock market, as the New York Stock Exchange is one of the great mirrors of our economy to reflect the great industrial growth of our country.

However, the selection of growth industries isn't as simple as it may sound. You cannot be sure that a growth industry of the past will continue to be one in the future. Automobiles were a growth industry in the 20s—refrigerators in the 30s. Neither can be considered a growth industry today. The trick, of course, is to project past and recent industry trends into the future. However, one can get a relatively high degree of income and appreciation with relatively little risk:

(1) Concentrate your holdings in the top five, seven, or ten industry groups;

(2) Shift once or twice a year to keep your investment only in the top groups.

One should aim to switch into fast improving groups before they move up to the very top ranks. For instance, an industry which ranked 42nd one week, 39th, 35th and 20th the next, is obviously heading places. While occasionally such a move-up may stop before the group hits the top 10, catching such fast movers on the way up usually pays off.

Twelve Questions You Should Ask Before You Invest in an Industry

(1) Is the industry a growth industry, a relatively stable industry or a declining industry?

(2) What is the industry's current position in the general business cycle? In its own particular cycle? In its normal seasonal fluctuation?

(3) Who are the industry's chief customers?

(4) What current factors determine the demand of these customers?

(5) Are these factors subject to change in the near future?

(6) Who are the industry's main competitors? How serious is the threat they present?

(7) How secure is the industry's supply of raw materials? How safe is it in the event of international complications?

(8) How will the industry's earnings be affected by major price fluctuations in its raw material supplies and inventories?

(9) What is the industry's labor situation? To what extent is it dominated by powerful nationwide unions?

(10) Are there any important technological changes on the horizon that will affect the industry's cost, price or earnings picture?

(11) What is the industry's recent, current and prospective market standing according to technical market analysis?

(12) How is the industry apt to be affected by pending political, governmental and international developments?

These questions should be considered only as a stimulus toward making a survey of the many industries which make up the strength of this great country of ours. These opportunities exist in our leading industries such as: Agricultural Equipment, Auto Parts, Auto Accessories, Auto—Passenger, Building Materials, Chemicals, Containers, Drugs, Electrical Equipment, Paper and Pulp, Petroleum, Railroads, Railroad Equipment, Retail Trade, Shoes, Soaps, Fats and Oils, Steel, Textiles and Rayon, Tire and Rubber, Tobacco, Utilities—Natural Gas, Telephone, etc.

*A talk by Mr. Cryan before the School of Commerce, at the University of Notre Dame, Notre Dame, Ind., Feb. 15, 1955.

The Next 20 Years—A Business Forecast of Growth and Development of the United States
(000's Omitted)

	Now	1965	1975
Population	162,000	187,000	212,000
Employment	62,300	72,200	84,400
Unemployment	3,200	2,900	3,800
Individual Income*	$253,000,000	$298,000,000	$367,000,000
Total U. S. Output	356,000,000	465,000,000	586,000,000

*After taxes.

Diversification and Selection of Stock—Two Case Histories

By C. MELVIN McCUEN
Investment Counselor, Union Title Insurance and Trust Co., San Diego, California

Mr. McCuen gives case histories of two investors each selecting different groups of stocks as pointing out necessity for diversification and proper selection of stocks for long term investment purposes.

Two investors, "A" and "B," decided to invest their life time savings in common stocks on Sept. 3, 1929. They had heard so much about the investment merits of common stocks that neither could resist buying at the peak of the market in 1929.


C. Melvin McCuen

Neither investor had any other source of revenue; their only income was dividends from their stock investments. Both investors had held for the past 25 years the original stocks which they acquired in 1929, at the peak of the market.

Investor "A" had $120,763 saved and bought 100 shares each of 14 stocks now included in the 30 Dow Jones Industrials. (Shown in Group A.) These stocks, without allowance for brokerage commission, etc., cost $120,763. Had he held these stocks all through the year 1929, he would have received $3,523 in cash dividends, and he could have lived in comfortable quarters, as this sum would have afforded him a reasonable standard of living in 1929.

Investor "B," however, was not as fortunate as Investor "A," for all he could save during his working years was $53,365. He invested his life savings in Group "B" securities and bought 100 shares each of the 14 companies in this group. Had he held these shares all through 1929, he would have received $1,456 in cash dividends. Investor "B" would have had to live in less pretentious surroundings, and would have had a lower standard of living than Investor "A," but he probably could have lived on the east side of the city in a rooming house that afforded meals with his lodging.

Now, let us look at the respective investment positions of Investor "A" and Investor "B" as of today.

	Investor "A"	Investor "B"
1929 Income (Purchasing power of dollar $0.84):		
Dividend Income	$3,523.00	$1,456.00
Federal Income Taxes	17.62	7.28
Net After Taxes	$3,505.38	$1,448.72
Buying Power in Stable Dollars	2,944.52	1,216.92
1954 Income (Purchasing power of dollar $0.52):		
Dividend Income	$4,460.00	$5,077.00
Federal Income Taxes	*624.62	*733.09
Net After Taxes	$3,835.38	$4,343.91
Buying Power in Stable Dollars	1,994.40	2,258.83

*Assumes 50% of dividends were received after June 30, 1954.

February 1, 1955
30 Dow Jones Industrials

Group "A"—	Sept. 3, '29 Price	Feb. 1, '55 Price	Per Sh. 1929	Earnings 1954 (Est.)	Per Share Divs. 1929	Per Share Divs. 1954
Allied Chemical	$79.63	$98.50	$3.15	*$4.80	$1.50	$3.00
American Can	45.00	41.37	2.00	*2.53	1.25	1.55
Am. Smelt. & Ref.	53.37	45.50	4.56	3.25	1.67	2.00
Amer. Tel. & Tel.	301.00	176.00	15.22	12.00	9.00	9.00
Amer. Tobacco	99.63	68.75	5.77	6.10	5.00	4.40
Corn Products	107.50	89.13	5.49	5.55	4.00	3.85
General Foods	73.25	76.37	3.68	5.75	3.00	2.75
Int. Harvester	47.00	36.25	2.37	*2.24	0.84	2.00
Johns Manville	67.87	85.50	2.70	*5.24	1.00	4.25
Loew's Inc.	20.75	19.75	2.64	*1.28	1.00	0.90
Internatl. Nickel	64.87	61.87	1.47	4.30	0.90	2.90
U. S. Steel	86.50	80.00	7.06	*6.45	2.67	3.00
Westinghouse Elec.	71.75	81.13	2.55	5.40	1.00	2.50
Woolworth	99.50	51.75	3.66	3.10	2.40	2.50
	$1,207.62	$1,011.87	$62.32	$67.99	$35.23	$44.60

1929: 19.4 times earnings 2.9% yield
1954: 14.8 times earnings 4.4% yield

Group "B"—	Sept. 3, '29 Price	Feb. 1, '55 Price	Per Sh. 1929	Earnings 1954 (Est.)	Per Share Divs. 1929	Per Share Divs. 1954
Bethlehem Steel	$46.25	$118.87	$3.67	*$13.18	$1.17	$5.75
Chrysler	36.13	69.00	2.52	3.00	1.50	4.50
duPont	54.00	163.50	1.77	7.00	1.46	5.50
Eastman Kodak	30.63	72.63	1.37	3.60	1.14	2.00
General Electric	32.75	49.75	0.75	2.30	0.50	1.47
General Motors	36.13	99.00	2.74	*9.09	1.80	5.00
Goodyear	26.63	57.75	4.67	5.25	1.25	3.25
National Steel	18.25	63.25	1.64	*4.12	Nil	3.00
Procter & Gamble	63.37	93.00	1.98	*5.42	1.07	3.45
Sears, Roebuck	43.25	79.75	1.66	5.00	0.63	3.05
Standard Oil Calif.	32.63	78.13	1.65	7.10	1.13	3.00
Standard Oil N. J.	33.13	118.00	2.13	9.20	0.64	4.55
Texas Company	34.75	88.75	2.45	7.75	1.50	3.75
Union Carbide	45.50	83.87	1.31	*3.10	0.77	2.50
	$533.40	$1,235.25	$30.31	$85.11	$14.56	$50.77

1929: 17.6 times earnings 2.73% yield
1954: 14.5 times earnings 4.10% yield

*Actual.
United Aircraft now in the 30 Dow Jones Industrials was incorporated in 1934.
National Distillers was eliminated so as to have even amount of stocks in both Group A and Group B.
All prices adjusted for stock splits.

Investor "A"'s stocks which cost $120,763 are now worth only $101,187. While his dividend income in 1954 was $4,460 vs. $3,523 in 1929, nevertheless, due to the higher income taxes and decrease in the purchasing power of the dollar, his 1954 income in terms of stable dollars was only $1,994.40. Investor "A" would have been forced to move from a better location in his city to a less desirable location, because of the shrinkage in the purchasing power of current dividends and the higher income taxes.

Investor "B"'s stocks which were purchased for $53,365 are now worth $123,525, and his 1954 dividends amounted to $5,077, but in terms of stable dollars after taxes and the decreased purchasing power of the dollar in 1954 were worth $2,258.83. However, he could have improved his standard of living for he had nearly doubled the income he had in 1929 in stable dollars, after taxes.

Texas Turnpike Co. Bonds to Be Offered For Sale on Feb. 25

Option agreement negotiated by underwriters.

An underwriting group, managed jointly by Glore, Forgan & Co., Drexel & Co. and Eastman, Dillon & Co., entered into an agreement with the Texas Turnpike Company Feb. 23 whereby the underwriting group has taken an option on $137,000,000 of Dallas-Houston Turnpike bonds through March 15, 1955. Should the syndicate receive commitments prior to that time from group members, dealers, institutions and other investors for 75% or more of the $110,000,000 in 4% series A revenue bonds and 75% of the $27,000,000 in 5% series B revenue bonds, the syndicate is obligated to purchase the whole amount of the issues.

The final underwriting agreement will be signed at 2 p.m. Friday, Feb. 25, 1955, at which time public offering of the issues will be made. Both series maturing in 1995, the bonds will be offered at par. The financing will provide funds for the construction of the State of Texas' first modern toll-road, running for about 223 miles from the Dallas-Fort Worth area to Houston.

Shields & Co. Offers Natural Gas Shares

Shields & Co., New York, and associates today (Feb. 24) are offering publicly 157,500 shares of common stock (par $1) of South Georgia Natural Gas Co. at $6 per share as a speculation.

Organized in 1950, South Georgia Natural Gas Co. proposes to construct and operate a pipe line system to sell and deliver natural gas for resale by local gas distribution systems in 15 towns, and on an interruptible basis for industrial use by five industrial plants in southwest Georgia and northern Florida. The estimated cost, including working capital, of the proposed system is $8,599,300.

In addition to the sale of common stock, the financing thereof will include the sale to three institutions of $6,375,000 of first mortgage pipe line bonds, 4¾%, due Feb. 1, 1975, and the sale for $888,000 of a $875,500 6% note, due Feb. 1, 1957, payable at maturity by the issuance of 8,500 shares of preferred stock and 25,500 shares of common stock.

Baron & Co. Formed

HUDSON, N. Y.—S. M. Baron has formed Baron & Company with offices at 455 Warren Street to engage in a securities business.

In Memoriam

The "Chronicle" Pays Tribute to a Many-sided Wall Street Man

WILLIAM WILSON CUMBERLAND
1890 - 1955

Dr. William Wilson Cumberland, well-known Wall Street man, passed away at the Englewood Hospital, Englewood, New Jersey, last Sunday. Dr. Cumberland was highly esteemed by his contemporaries for his natural abilities and gifts, his knowledge of economics and his outstanding services in governmental and corporation fields. Dr. Cumberland, partner in the investment banking firm of Ladenburg, Thalmann & Co., 25 Broad Street, New York City, was 65 years of age, a native of LaVerne, California, received his education at Occidental College, Los Angeles, and earned his Master's degree at Columbia University in 1913 and his Doctor's degree at Princeton University in 1916. In 1918 he served as an economic expert with the War Trade Board; in 1919 he was a member of the Financial Commissions and the American Commission to Negotiate Peace. Dr. Cumberland was appointed economist with the American Military Mission to Armenia; American High Commissioner in Constantinople in 1919 and 1920; and was a foreign trade adviser with the State Department in 1919 and 1920. He became Governor of the Reserve Bank of Peru in 1923 after serving as financial commissioner and superintendent of customs in Peru.


W. W. Cumberland

From 1924 to 1927 Dr. Cumberland was financial adviser to the Republic of Haiti and financial expert for the State Department in Nicaragua, 1927 and 1928. He joined the New York Stock Exchange firm of Wellington & Co., New York City, remaining as a partner until 1945 when he became identified with Ladenburg, Thalmann & Co. During his busy life he was also an economist with the N.R.A. in 1933, and American delegate to the Berlin Conference on German Long Term Debts in 1934, and an economic consultant on International Organization in San Francisco in 1945. Dr. Cumberland was a director in a number of corporations and also author of "Competitive Marketing" and co-author of "The American Individual Enterprise System." In summing up Dr. Cumberland's life and activities, Mr. Herbert D. Seibert, Editor and Publisher of "The Chronicle," concludes with this comment: "In Dr. Cumberland's demise, Wall Street and the country have lost a very able man."

Even So!

"There are, however, certain areas in which a serious inquiry [into recent stock market behavior] can prove helpful if the [Senate Banking and Currency Committee] Committee is really concerned, as stated, in keeping the study objective and constructive. Among these may be suggested the following:

"(1) More adequate data than are now available as to the volume of buying by institutional investors—investment trusts, corporate pension funds, personal trusts, insurance companies, saving banks, etc.—and its possible effect in locking up stocks more or less permanently and thus diminishing the available supply on the market.

"(2) The postwar tendency of corporations to finance capital improvements out of earnings rather than by public issues, together with the favorable tax treatment accorded interest on debt, tending to dry up the supply of new stock issues.

"(3) The capital gains tax which makes investors unwilling to sell and take profits. The deterrent effect becomes compounded in the case of the older investor by the high estate taxes which, when the investor dies, take an additional slice out of his assets.

"(4) The question as to how far, in view of the fluidity of credit wherever created, it is possible to trace the real sources of funds used in the stock market; also how far it is possible to make money tighter for stock market uses while keeping it easy for everything else."—The National City Bank of New York.

We strongly commend this temperate but penetrating comment to the authorities in Washington who are interesting themselves in this subject.

A Colloquy on the Stock Market

In extemporaneous and unrehearsed TV Broadcast, Gerald M. Loeb, Partner of E. F. Hutton & Co., members of the New York Stock Exchange, was questioned by Eugene Miller, Associate Managing Editor of "Business Week" magazine, and Larry Lesueur as to his views on the stock market situation with all its implications and effects.

On Feb. 4, a TV Broadcast over the WCBS network, in the program entitled "Longines Chronoscope," Gerald M. Loeb, Partner of E. F. Hutton and Company, members of the New York Stock Exchange, underwent a questioning by Larry Lesueur, CBS news analyst, and Eugene Miller, Associate Managing Editor of "Business Week" magazine, regarding the current Stock Exchange situation. The questions and answers were entirely extemporaneous and unrehearsed.

G. M. Loeb

A transcript of the Broadcast follows:

Larry Lesueur: "One of the great news stories of the past year was the sustained and prolonged rise in the Stock Market. And this despite a business recession and even gloomier forecasts of what might happen from some economists. Well, the continued rise in the stock market has now resulted in a Congressional study. Our guest tonight is a Wall Street professional. Mr. Loeb, do you think the situation as reflected in the stocks market now is anything—bears any comparison with 1929?"

Gerald M. Loeb: "No, I don't think there's any comparison whatever with 1929; and it always surprises me that people think there is. I think maybe they think that because they look at the Dow Averages, which people used to measure these things. And they fail to think that everything in the country is changed, the population, the wealth, the value of these stocks. And even the stocks that make up that average. I think it's quite a different situation. It's very sound now. It wasn't sound then."

Eugene Miller: "Well, do you see any danger signals in the present situation, with the prices of stocks going up and the volume of stocks traded on the increase?"

Loeb: "No I don't see any real danger. There may be a very small amount of what I might call fringe danger, but it's very very trivial. The basic situation is really fundamentally very sound."

Lesueur: "Mr. Loeb, what would happen if the stock market continues going up another year, well, say at the same rate it's been going up today, would we be getting into trouble then?"

Loeb: "Well of course, you have to remember that it's what happens behind the stock market that counts. If the stock market just went up because people were excited about stocks, I think probably we would be headed for trouble. But if business was higher, or if there was an outlook for better dividends, or if commodity prices kept going up, then there might be justification for it. These things are very closely linked."

Miller: "How about speculation? Do you think there is too much speculation in the market, too many people buying to make a short-term profit, or buying on tips or rumors?"

Loeb: "There's a little of it because when a market goes up and it seems easy to make money, there are some people that you might say, abuse the market. The market is there for a fundamental investment reason, but as it stands now, it's still very, very, small. It's just on the border."

Lesueur: "Well, Mr. Loeb, is there any suspicion of rigging or manipulation? In fact, does Wall Street fear this investigation which will be led by Senator Fulbright's Subcommittee?"

Loeb: "No, quite the contrary. It—there's no suspicion of manipulation or rigging, and I can say as I'm in the market every day that there really isn't any. And I think everyone down there knows it and there isn't any fear on that score whatever."

Miller: "Are there any factors in the Formosa situation or the news of this Senator Fulbright's investigation that will cause the market to go up or down, just based on that news alone?"

Loeb: "I think the market had a small decline when the Fulbright news was first announced. It frightened some small people who didn't understand what it meant. It's been recovered since. Of course Formosa is a different thing. When you get a piece of shocking war news you generally get a decline in the market for a time at least."

Lesueur: "Mr. Loeb, how much would you say the stock market reflects business conditions. Does it actually reflect them six months in advance, or is it keyed to the world news?"

Loeb: "It's keyed to everything that happens. And it reflects business conditions very closely, but not always the same date. Sometimes six months in advance, sometimes a year in advance, sometimes a month in advance. It varies. It depends upon what people expect, what people think."

Lesueur: "Well, what in your opinion led to the stock market rise in the beginning of 1953 when all the forecasters and economists were saying that there was going to be a recession and some even a depression? Why did the stock market start to go up in the face of this bad news?"

Loeb: "Well, the stock market started to go up for a very good reason, because people were talking about a sound dollar after the change in administration and the sound dollar wasn't very politic. So it was just about the time that the stock market started to go up that Washington started an easy money policy also. Commodities had stayed very very steady; and finally the business news itself was much better than people generally believed and the stock market correctly saw these things and started to advance."

Miller: "Let me ask you this, what there's a lot of talk going on in Wall Street and elsewhere about, that there is a very thin market in the high quality stocks because most of these stocks have been bought at regular intervals by Trust Funds and Pension Funds and Institutions. Do you see any dangers in a situation of a thin market for your high quality stock?"

Loeb: "I think it is correcting itself. I think there is a little thin market."

Miller: "What do you mean by a thin market, may I ask?"

Loeb: "A thin market means that there are not enough stocks to go around so that you have to pay more for them, like anything else that's in short supply. Just like coffee was in short supply a while ago. But I think that this General Motors financing where General Motors is offering more stock, which is the most important piece of financing in a long while — it's going to be the answer all the way around, because when that is shown to be a success I think it will lead to other financing by other companies."

Lesueur: "Mr. Loeb, is there any safe way for a little man to put money into Wall Street without fear of losing his savings?"

Loeb: "Well yes, I think a little man can be as safe in Wall Street as anywhere else. The way to start if one's had no experience is to buy an investment trust, which means a company that owns quite a few different stocks. So you get quite a sort of cross section."

Lesueur: "It seems to me, Mr. Loeb, that the — a lot of people don't know anything about the stock market, they don't even know where to go to find out. How would they start finding out?"

Loeb: "Well of course, I may be prejudiced, but I think that the best thing to do is to just go to the nearest New York Stock Exchange member house; or you can go to your banker who'll probably refer you to one."

Miller: "If there are any danger signals on the horizon in the next couple months that the stock market is getting out of control, do you have any suggestions as to what remedies can be applied to bring it down within normal levels?"

Loeb: "Well I don't think you can ever tinker with the stock market. Because tinkering never pays with something as delicate as this. But I think that if the Administration in Washington, and the powers that be, work in the direction of creating confidence, confidence in the securities that are traded on the Stock Market—then you solve most of your problem."

Lesueur: "Mr. Loeb, is there any difference, really, in investing in the Stock Market or speculating? I mean, isn't everybody trying to make more money than they put in? And doesn't somebody lose every time it goes down?"

Loeb: "No, I think there's a little difference. I think that a person who invests looks primarily at his dividend check that he expects to get. And I think the person who speculates looks ahead and tries to get a profit, or what the tax people call a capital gain."

Miller: "Well, in line with that, are there many new people getting into the stock market? Is it like the days in 1929 when the shoe shine boy and the elevator operator and a wide range of the American public wanted to buy stock—is that happening now?"

Loeb: "No, I don't think so. I don't think the market has reached that stage and if we conduct ourselves right it may never reach that stage this time."

Lesueur: "Mr. Loeb, I believe I heard you say that Mr. Bernard Baruch once said that when the stock market starts to get on the front pages it's time to get out of it. Do you hold with that theory too?"

Loeb: "Well he probably did or someone equally smart probably did, but the trouble is he did'nt tell you how long it had to stay on the front pages and that of course can be quite a variation."

Lesueur: Well, tell me, Mr. Loeb, do you think that a person investing in the stock market should put all their money into one good stock or should they separate their money and put a little in this and a little in that?"

Loeb: "Well I think that someone who's beginning should certainly buy, as I said before, investors trust, which is putting your money in several different stocks. And it has another advantage. You really begin to learn because you get reports from this Trust, some of them quarterly, some of them annually, and you can see what they're doing and it sort of starts you on your education where later on you might concentrate your purchases more as you know what it's all about."

Lesueur: "Another thing I'd like to ask you, Mr. Loeb. Is it the business cycle that affects the stock market or is it now the government's defense policies, on whether we put more money to protect ourselves in the tremendous challenges that now face us?"

Loeb: "Well the two are linked. The business cycle is affected by defense policy and they both affect the stock market. They're very important."

Lesueur: "In other words, although you could predict business, let's say, for the next year, you cannot forecast what's going to happen in international affairs, and a sudden change in our defense policies, a sudden peace, would send the stock market down, or a sudden war would drastically affect it?"

Loeb: "Well, there's no question about it. A change in the rate of defense expenditures would affect the market a great deal."

Lesueur: "Mr. Loeb, if the stock market were continuing to go up to an extent which rather worried you too, maybe you were concerned, too many people buying things on credit, what could this Senate Investigating Committee actually do about it to bring it under control?"

Loeb: "Well I think they could do several things. I think first of all we have a tax that's known as the capital gains tax and it has kept a great many people from selling their stocks. They have stocks they think are perhaps too high, but they don't want to sell them and pay the tax. If that tax were changed, it would increase the supply of stocks and that would have the effect of keeping the market from going higher. Another thing would be to as I said before increase the confidence in owning stock. The government has reduced the double tax on dividends. And if that was reduced further, it would make stocks more valuable for more people and you broaden your market. Actually the whole thing, if Washington tries to monkey with the stock market, you're going to have trouble, but if they try to build confidence in the companies that make it up, then we'll do fine."

Lesueur: "Thank you very much, Mr. Loeb, we've been very glad to have you here tonight."

Frank Knight (Announcer): "The opinions expressed on the Longines Chronoscope were those of the speakers. The editorial board for this edition of the Longines Chronoscope was Larry Lesueur and Eugene Miller. Our distinguished guest was Mr. Gerald M. Loeb, noted investment broker."

With Carroll, Kirchner

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — F. Tupper Smith is now associated with Carroll, Kirchner & Jaquith, Inc., Denver Club Building.

With Citizens Secs. Co.

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis.—William R. Schmitz has become connected with Citizens Securities Company, 224 Cherry Street, members of the Midwest Stock Exchange.

Connecticut Brevities

At their annual meetings stockholders of **Phoenix Insurance Company**, Central States Fire Insurance Company of Wichita, Kansas, Atlantic Fire Insurance Company of Raleigh, North Carolina, and Great Eastern Fire Insurance Company of White Plains, New York, will vote on plans to merge with **Phoenix**, the parent company, as the survivor. The other three companies are among the smaller in the Phoenix of Hartford Group and do not have sufficient capital to qualify for multiple line underwriting in all states where they do business. Until recent years there were laws in certain areas restricting the number of agents per company, but the removal of these restrictions and the trend towards multiple line underwriting now make it desirable to merge these companies and thereby reduce operating expenses.

Emhart Manufacturing Company has recently purchased two one-story plants in Deep River, Connecticut, from American Associates, Providence, Rhode Island. The 90,000 squre feet of floor sace were purchased at a cost of about $200,000 and will be occupied by Emhart or one of its divisions after April 1. The building was constructed in 1943 for use by **Pratt-Read & Co., Inc.** in manufacturing gliders and then in 1947 was taken over by Brass Goods Manufacturing Company. The land included consists of about nine and one-half acres, with space for parking approximately 400 cars.

Among the bills submitted to the 1955 session of the Connecticut General Assembly are several relating to proposed changes in the charters of some of the State's insurance companies. **Security Insurance Company**, New Haven, seeks to increase its authorized capital from $5,000,000 to $10,000,000 and also to obtain a charter for a new life insurance company, **Security-Connecticut Life Insurance Company.** There are no plans as yet to organize the new company, but the proposed initial minimum capitalization would be $250,000 capital and $250,000 paid in surplus. All shares would be owned by Security. Bills have been introduced to permit **Aetna Casualty & Surety Company** and **Automobile Insurance Company,** both partially owned subsidiaries of **Aetna Life Insurance Company,** to merge with any other companies doing a similar — casualty and fire—insurance business. In letters from the companies to their stockholders it was indicated that consideration is being given to merging the two companies to promote flexibility and economy of operation. **Phoenix Insurance Company** seeks to increase its authorized capital stock from $20,000,000 to $50,000,000. There are presently outstanding 1,000,000 shares of $10 par common.

Gray Manufacturing Company has received an order from the Navy Bureau of Aeronautics for the production of $1,338,042 of special electronic units consisting of electronic transmitting, receiving and amplifying equipment.

Seymour Manufacturing Company which produces copper and non-ferrous alloy sheets, wire and strips has begun a $2 million modernization program. A large part of the present sheet and strip production line will be replaced with new continuous production rolling, heat-treating and slitting machinery. The new process is expected to improve surface finish and to hold material to closer tolerances, as well as to improve efficiency and enlarge capacity.

Plans have been announced by **The Hartford Gas Company** to offer $1,500,000 of convertible debentures to preferred and common stockholders through rights to purchase debentures at the rate of $25 of par value for each three shares owned.

Continental Baking Debentures Offered

A syndicate jointly managed by Wertheim & Co. and Lehman Brothers is offering $13,000,000 of Continental Baking Co. 3⅝% subordinated debentures due March 1, 1980, at 102% and accrued interest. The debentures will be convertible into common stock of the company until Feb. 28, 1965, at scale prices starting at $34.50 per share for the first three years. Following termination of conversion rights on Feb. 28, 1965, a sinking fund for the debentures commences on March 1, 1965.

The company will apply the proceeds from the sale of the debentures toward the redemption by lot at $105 per share, on or about April 1, 1955, of 125,575 of the outstanding 253,575 shares of $5.50 dividend cumulative preferred stock. Any additional funds required for such redemption, as well as the amount of dividends on the redeemed shares, will be supplied from the company's general funds.

The debentures will be subject to redemption at regular redemption prices ranging from 105% to par, and for the sinking fund beginning on March 1, 1965, at redemption prices running from 102% to par, plus accrued interest in each case.

Continental Baking Co. is the largest commercial baker of bread and one of the largest commercial bakers of cake in the United States. The company's products are sold principally under two widely advertised trade names, "Wonder" for its bread products, and "Hostess" for its cake products.

Net sales of the company and its consolidated subsidiaries for the fiscal year ended Dec. 25, 1953 aggregated $198,845,000 and net income was $5,654,000, equal to $3.96 per common share. For the fiscal year ended Dec. 25, 1954, consolidated net sales were reported at $212,510,000 and net income at $5,704,000, equal to $4 per common share. The latter figure is after a charge permitted for tax purposes under the 1954 Internal Revenue Code providing for vacation expenses accrued in 1954 but payable thereafter. This charge was equivalent after taxes to 53c per share of common stock.

The underwriters include: Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Lazard Freres & Co.; Carl M. Loeb, Rhoades & Co.; Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Union Securities Corp.; and White, Weld & Co.

Townsend, Graff Sells Audio & Video Shares

The recent offering of 450,000 shares of common stock (par one cent) of Audio & Video Products Corp. at 30 cents per share by Townsend, Graff & Co., New York, has been completed, all of said shares having been sold. The stock was offered as a speculation.

The net proceeds are to be used to reduce accounts payable obligations; to promote and expand the manufacture and sale of the company's newly developed instrumentation equipment; and for working capital.

Audio & Video Products Corp. was incorporated in New York on June 16, 1948 to engage in the manufacture and distribution of electronic equipment. Its principal offices are located in leased space at 730 Fifth Ave., New York, N. Y.

Since its inception, the company has not only been the leading distributor for Ampex Corp., but also has itself and through its subsidiaries, engaged in the magnetic tape recording field and other fields.

Giving effect to the new financing, the company has outstanding 1,740,000 shares of common stock out of an authorized issue of 2,000,000 shares.

Business Man's Bookshelf

Black Market Yearbook: 1955—Franz Pick—Pick's World Currency Report, 75 West Street, New York 6, N. Y., $25.00

Columbia University Press Spring 1955 — Catalogue — Columbia University Press, 2960 Broadway, New York 27, N. Y. (paper).

Delbridge Interest Tables—1955—Contains elapsed time indicator, maturity date indicator, interest calculations: ordinary (360 days), and exact interest (365 days), with conversion tables from ordinary to exact interest; pre-calculated answers from $1 to $500,000 and at rates from ⅛% to 12%—write to company regarding trial offer—Delbridge Calculating System, Inc., 2502-10 Sutton Avenue, St. Louis 17, Mo.

Federal Tax System of the United States — A Survey of Law and Administration — Joseph P. Crockett—Columbia University Press, 2960 Broadway, New York 27, N. Y., $4.75.

Revolution in World Trade — Samuel Lubell—Harper & Bros., 49 East 33rd Street, New York 16, N. Y. (cloth) $2.50.

Security Dealers of North America — Completely revised 1955 Edition — listing all stock and bond houses in United States and Canada—geographically arranged — Herbert D. Seibert & Co., Inc., 25 Park Place, New York 7, N. Y. (fabrikoid) $12.00.

Short Term Economic Forecasting Studies in Income and Wealth—Volume 17 — A Report of the National Bureau of Economic Research—Princeton University Press, Princeton, N. J. (cloth) $7.50.

Yale and Wall Street

In "Wall Street, 1955," an elaborate financial supplement put out by "The Yale Daily News," undergraduate publication gives students broad information on world of finance, and in particular, on the career outlook. Opportunities for young men for leadership in Wall Street are stressed. Contributors of various articles, under editorship of John A. Neumark, include high authorities in Government, investment banking, the Stock Exchange, and industry.

NEW HAVEN, Conn.—Not all business brains are on Wall Street. The college campus has its fair share.

A group of young entrepreneurs at Yale University have completed a business coup that has the support of some of the best-known names in the financial world.

John A. Neumark

These Yale students, headed by a 19-year-old Sophomore, have just published a handsome brochure, entitled "Wall Street, 1955," describing careers and job opportunities in investment banking. The project is noteworthy on two accounts:

First, they persuaded some of the top financiers and investment bankers in the country to contribute original articles. These articles were contributed free of charge.

Secondly, the students sold advertising in the brochure to some of the biggest investment firms and banks in the nation, thus assuring a handsome profit to the students. The brochure will be distributed free to students at Yale, Harvard, Princeton, Pennsylvania, to college placement officers, and to more than 1,000 investment firms.

Contributors of articles include such names as: George M. Humphrey, Secretary of the United States Treasury; W. Randolph Burgess, Assistant Secretary of the U. S. Treasury; Prescott S. Bush, U. S. Senator from Connecticut and a partner of Brown Bros. Harriman and Company; Bernard M. Baruch, financial advisor to a number of U. S. Presidents; William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System; Keith Funston, President of the New York Stock Exchange; Harold W. Scott, newly-elected Chairman of the Board of Governors of the New York Stock Exchange; John Hay Whitney, senior partner in the firm of J. H. Whitney and Company, and many others.

Actually, the brochure of more than 150 pages represents a serious attempt to attract young men into investment banking careers, where they are critically needed.

Young Blood Needed

According to George H. Walker, senior managing partner of the investment banking firm of G. H. Walker and Company, a fellow of the Yale Corporation and contributor of an article, "a real vacuum has been created as far as future investment banking leadership is concerned. Most firms today are run by partners, none of whom is younger than 50 to 55 years of age."

He attributes the "20-year-void" of younger men in the investment banking field to the great depression of the early 1930's which, he said, produced an image of Wall Street "as a dead-end place to be avoided at all costs as far as young men were concerned. But, he continues, the vastly-expanding American economy has enhanced the attractiveness of investment banking as a career for young college graduates.

This opinion is backed up with salary statistics quoted by William S. Goedecke, President of the Investment Association of New York, an organization of men below the age of 36 in the investment banking field. A member of the Yale Class of 1947 and a customer's representative for Smith, Barney and Company, Mr. Goedecke quotes a recent poll of the Investment Association membership, showing that "for those in the age group of 25 years to 32 years, the average yearly salary was $7,243."

The same poll showed, he continued, that "in the group 33 years to 35 years, the average salary was $11,600." He went on to say that "in five years the first group (25-32) anticipated a yearly income of $17,000, and the second group (33-35) a yearly income of $21,656."

A Sophomore's Brain-Child

"Wall Street 1955," published by the Yale Daily News" is the brainchild of John A. Neumark, a 19-year-old Yale sophomore. Last spring, while "heeling" the business board of the "News," he conceived the idea of a series of brochures describing various careers open to young college graduates.

Among his initial consultants were Mr. Funston, Senator Bush, Mr. Baruch and Mr. Whitney. "I was surprised that such incredibly busy men would speak to me," he recalls.

After that, "the very top men in the field" were persuaded to contribute articles to the pending brochure by young Neumark, who is the son of Mr. and Mrs. Arthur J. Neumark, of 1111 Park Avenue, New York City.

A. Cushman May, Yale Class of 1956, son of Mr. and Mrs. Byron B. May, of Pembroke Road, Darien, Conn., handled the production of the brochure, laying out the pages and making the necessary arrangements with the printers.

H. Kenneth Norian, '55, son of Mr. and Mrs. Harry K. Norian, of 176 Meadowbrook Road, Englewood, N. J., who is Business Manager of the "Yale Daily News," was general supervisor of the project. Edward A. Kent, Yale Class of 1956, was Editorial Advisor for the publication, and Charles W. Trippe, Yale Class of 1957, was Assistant Editor.

Neumark, though pleased with the success of the venture and impressed with the opportunities for bright young men in the investment banking field, still isn't looking forward to a Wall Street career.

"I'm planning to enter the publishing business," he says.

Two With Merrill Lynch

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Malcolm W. Dooley and Quintus L. Drennan, Jr. are now with Merrill Lynch, Pierce, Fenner & Beane, 511 Locust Street.

With Newhard, Cook

(Special to The Financial Chronicle)

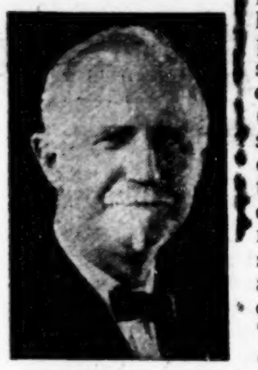
ST. LOUIS, Mo. — Frank H. Hamilton has become connected with Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

Merchants, Advertising, Telephoning

By ROGER W. BABSON

Mr. Babson calls attention to the great changes in merchandising since 1875, and notes operations of "discount houses" have brought on a new revolution. Says suburban shopping centers may remedy retailing difficulties, but points out there may be a new development through more extended use of telephone and and more newspaper advertising and pictures.

Merchandising at the retail level has already passed through Three Revolutions since 1875. Preceding those days there were no mail order houses or department stores, few chain stores (A & P had 50 stores which carried only tea, coffe, and crockery), but many wholesale houses and independent merchants. They were doing 95% of the retail business. My father was one of these in Gloucester, Massachusetts.



Roger W. Babson

The **First** Revolution in retailing was brought on by the department stores and mail order houses. This made it unnecessary to visit several different stores, if you lived in a city, while, if you lived in the country, you could shop by mail from your farm. This Revolution was desperately fought by the old-time retailers.

The **Second** Revolution came with the chain stores, which cut out the wholesalers. The department stores continued to buy through wholesalers; but the chains bought direct from the manufacturers. Hence, they were fought by legislation and taxation enacted at the demand of the middlemen.

Discount Houses Now the Target

The **Third Revolution** is now on, being caused by the "discount houses." This is an effect to reduce retail prices by cutting out the bureaucracy, high rents, and unnecessary overhead developed by the department stores.

But a **Fourth** Revolution, as a revolt against parking meters, automobile congestion, and a lack of sufficient free parking, is just ahead of us.

This is being temporarily met by building new "Shopping Centers." It is reported that Allied Stores is to spend over $200,000,000 for this purpose. Shopping Centers, however, will be only a half-way cure. Wanamakers, which was the world's largest department store when I was a boy, has thrown in the sponge in its fight against automobiles and discount houses.

New Shopping Centers Just Ahead

Shopping Centers offer free parking and "self-service," but the high rents may result in higher prices. Anyway, customers who use Shopping Centers are more dependent on automobiles than if they patronized the old downtown merchants. In fact, if city officials would treat their bus systems fairly, the present downtown stores would continue to give better service and perhaps undersell the new Shopping Center prices. I don't know. Different cities differ.

The next, or Fourth, Revolution in retailing will be forced upon us by the automobiles. Simple arithmetic proves that the present race to make "the mostest and the largest" automobiles, with insufficient increase in highways cannot continue much longer. It is true that we are building splendid new toll roads; but very little is being done to avoid congestion in cities and to help local merchants. Otherwise, people may some day cease using automobiles for shopping. These machines may remain in the garage except for trips—as mother's sewing machine is now seldom used.

More Advertising and Telephoning

I forecast that this Fourth Revolution wil result in customers buying from their homes soon by telephone, and later by television. Increased newspaper advertising with many more newspaper pictures of products for sale, supplemented by better telephone service, will become the custom. People are now sick of hunting for places to park their cars when shopping. People will think of the risk and gasoline costs of driving to Shopping Centers. The time may come when 80% of the shoppers will sit at home in a comfortable chair, study the newspaper advertisements, and do their ordering by telephone.

Newspaper advertising and telephones are the only cure for the present increased automobile congestion. **In fact, I believe the stocks of certain newspapers—which are now temporarily in the dumps—plus stocks of telephone companies, preferably the wide-awake Independents, are among today's best "buys." (Local bankers please take notice!) Furthermore, I am investing my hard-earned money in "United Stores" stocks (listed on the New York and American Stock Exchanges). A company has recently organized a new corporation to profit from this coming Fourth Revolution.**

With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John R. Singleton is now with Walston & Co., 550 South Spring Street.

Joins Bache Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Seymour Krinsky is now associated with Bache & Co., 1000 Baltimore Ave.

Joins Quincy Cass

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Marie E. Magner has joined the staff of Quincy Cass Associates, 523 West Sixth Street, members of the Los Angeles Stock Exchange.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Oliver A. Ryder has been added to the staff of First California Company, 647 South Spring Street. He was formerly with Schwabacher & Co.

Institute of Investment Banking To Be Held Starting April 4

WASHINTON, D. C.—The third annual session of the Institute of Investment Banking will be held at the University of Pennsylvania, Philadelphia, during the week of April 4, it was announced by Walter A. Schmidt, Partner, Schmidt, Poole, Roberts & Parke, Philadelphia, President of the Investment Bankers Association of America.

Sponsored by the Education Committee of IBA in cooperation with the Wharton School of Finance and Commerce, the Institute provides a three year executive development program. It is designed for partners and officers of member firms and other seasoned personnel who are being groomed for positions of greater responsibility.

Under the Institute program registrants are quartered in the Penn-Sherwood Hotel and attend a series of integrated classes on the university campus for one week each spring for three consecutive years. Upon completion of the three years program a Certificate of Merit is awarded in recognition of specialized training in the investment banking business.

The third year program is being offered for the first time this year and the Institute will hold its first graduation exercises on the concluding day, April 8.

The Institute is an outgrowth of the Investment Banking Seminars held in Philadelphia under the same sponsorship in 1951 and 1952. The Seminars provided a one week refresher course for seasoned personnel. This experiment in executive training was so well received by the industry that the program was expanded in 1953 through the establishment of the Institute of Investment Banking to provide a permanent and more comprehensive training opportunity.

Approximately 100 men attended the Seminars offered in 1951 and 1952 and enrollment increased to 143 for the 1953 Institute and 191 for the 1954 Institute.

W. Carroll Mead of Mead, Miller & Co., Baltimore, Chairman of the IBA Education Committee, and head of the Institute Planning Committee, is in charge of the project.

Significant topics on the program include:

First Year Program

Recruiting, Selecting and Training Personnel.

The Approach to Selling; Potentialities and Administration of Direct Mail Promotion.

Public Relations; Securities Advertising; Education and Promotional Tools of IBA.

Management Control of Securities Firms—A Panel Discussion.

Trends in Over-the-Counter Markets; New Forces in Securities Markets.

Tools of Economic Analysis; Determinants of the Level of Business Activity; Economic Stabilization.

Investment Companies — Significant Recent Developments, American Sponsored Canadian Investment Companies.

Second Year Program

Institutional Investment Practices: Commerical and Savings Banks; Fire and Casualty Companies; Life Insurance Companies; Mutual Funds; Pension Funds.

Banking System and the Money Market; Government and Interest Rates; Interest Rate Determinants and Projections.

Operational Problems: Underwriting; Syndicate Techniques; Trading; Public Offering of Stock in a Privately Owned Company—A Case Study.

Appraisal of Municipal Credits.

Legal, Regulatory and Legislative Problems: Self-Regulation.

Third Year Program

Effects of Taxes on Individual Investment Decisions; Removing Tax Barriers to Investment; Foreign Tax Systems and the United States Investor.

Financing Small Business.

Long Run Trends in Corporate Financial Policy; Investment Implication of Long Run Economic Changes.

Portfolio Management.

Review of an Integrated Public Relations and Promotional Campaign; Writing and Producing Promotional Literature.

University Placement Services and the Recruitment of Investment Banking Personnel.

Joint Sessions First, Second and Third Year

Toll Road Financing—A Panel on Engineering, Legal, and Investment Banking Phases.

Industrial and Economic Progress in Atomic Energy.

An Appraisal of the Transportation Industry: Airlines; Ocean Shipping; Railroads; Trucking.

New Regulations under the Revised Securities Acts.

Private Foreign Investments.

Investment Analysis; Economic Outlook.

Challenging Potentialities for the Investment Banker.

The enrollment fee is $185 a year and covers all Institute sessions, room, meals, and entertainment. Applications accompanied by remittance should be mailed to reach the IBA Washington Office on or before Monday, Feb. 28.

Additional information on the Institute may be obtained from the Educational Director, Investment Bankers Association of America, 425 Thirteenth Street, Washington 4, D. C.

With Marache, Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Raymond A. H. Brandt is now with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

With Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Alan T. Shaw is now with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He was previously with F. S. Moseley & Co.

Joins du Pont, Homsey

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Carlton H. Barrows has become affiliated with du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges. Mr. Barrows was formerly with Harris, Upham & Co. and Hunnewell & Co.

Two With Estabrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Arthur H. Dyer and Robert L. Matthews are now connected with Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges.

Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Leroy D. McGrath has become affiliated with Gibbs & Co., 507 Main St.

Investors Planning Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Sumner E. Britton and Donald J. Robinson are now associated with Investors Planning Corporation of New England, Inc., 68 Devonshire St.

Continued from page 3

The State of the Nation

worsening in the international situation, indications now are that 1955 may establish a new high record in consumer income and expenditures, industrial production, and sales.

It may be pertinent at this stage to review the highlights on economic progress in the quarter of a century that has passed since the 1929 debacle. It should be timely to glance over this epoch and note changes and tendencies in economic and social patterns, as well as their implications for the future.

Government Policies Based on Industrial Maturity

The prosperity of the 1920's was followed by a prolonged business depression. It was contended by those in power that we had come to the end of progress since our economy had reached maturity.. The measures taken to provide a cure merely aggravated the situation. With the redistribution of wealth by means of exorbitant taxes and deficit spending, stagnation prevailed and unemployment hovered around 10 million at the close of the 1930's. The flow of venture capital was reduced to a trickle. From 1933, the advent of the New Deal, to the end of 1939, the amount of new corporate stock issues averaged annually $285 million, or only 12% as much as for the period 1923-1929. Most of the investment funds were siphoned by the government and distributed through its numerous spending channels. Many billion dollars were spent by the government to prime the business pump, but to no avail.

In other periods of severe business depression, deflationary forces eventually ran their course, and accumulated shortages provided the stimulus for the upturn in industrial activity. By 1934 the economy was ready to move forward. It had demonstrated vigorous underlying strength. There was a huge spent-up demand and abundant credit resources. But the prevailing government climate was chilling to risk taking, and business recovery did not come until the advent of World War II.

The lessons to be learned from the tragic '30's are that we must keep alive within the framework of our economy the spirit of initiative and ingenuity as well as provide incentives for the assumption of risks, for these are the pillars upon which our system has been built and without which it cannot survive.

Economic Gains

Despite a prolonged depression and a World War, with subsequent critical international tensions, in the last quarter of a century there has been substantial economic and social progress, practically all of which came in the last decade and a half, with huge governmental expenditures a major stimulating force.

Marked gains have been made in our standards of living since 1929, as indicated by an increase of 60% in per capita real income during this period. Today nearly 60% of the families own their own homes, as against 48% in 1929. About 98% of the homes are serviced by electricity, as compared with 75% in the earlier period. Mechanical refrigeration is now in 90% of all households, while 25 years ago only 4% had this modern facility. The number of telephones per 100 people is now over 30, or double the proportion of 1929. There are now around 125 million radio sets in the United States, 12 times as many as 25 years ago and more than in all of the rest of the world combined. The number of television sets in this country is estimated at 35 million, while there were none a quarter of a century ago. Since 1929, the number of passenger cars per 100 persons in this country has increased from 19 to 28. Three-fourths of the world's passenger cars are in the United States. The amount spent for recreation this year is estimated at around $15 billion, a threefold increase over 1929.

Not only are the American people well equipped with facilities that make for more pleasant and comfortable living, but also substantial sums have been invested in protective coverage. The amount of ordinary and group life insurance held by the American people is placed at over $285 billion, or nearly 3.4 times as much as a quarter of a century ago.

Social Gains

Nor has the progress during this period been confined to providing material benefits to the people. Work-week schedules have been reduced by more than 10%. Educational opportunities have been availed of to an increasing extent by a large proportion of our population. During the past quarter of a century the number of high school graduates has doubled and now constitutes 42% of our adult population, as against 13% in 1929. The enrollment in our institutions of higher learning has increased from 1.1 million to 2.5 million, while the number of college graduates has increased 2.5-fold in the 25 year period.

Redistribution of Income

Fundamental changes in our economy have been accompanied by a revolutionary redistribution of income among various groups. The proportion of total disposable income received by those in the top 5% group has been cut in half since 1929. During this period, dividend payments to stockholders declined from 6.6% to 3.3% of total national income. Further evidence of changes in the share of income is indicated by the pay of factory and salaried employees. While in 1929, white - collared workers on the average received about 75% more income than the average for manual workers, today they receive less pay on a weekly basis than wage earners. Those in the income groups under $5,000 a year receive about two-thirds of total income after taxes and account for about the same proportion of total consumer expenditures. This striking redistribution of income in the past 25 years is largely accounted for by the rise in wage payments relative to other sources of income and to the progressive income tax.

It should be pointed out that if the redistribution of income continue at the same pace as it has since 1929, the country would in the course of a quarter of a century be on an equalitarian basis, with all persons receiving the same amount of income. Such a development would lead to the squashing of the pyramid and the distribution of poverty.

Propelling Forces

Propelling forces are at work in our dynamic economy. One of the strongest forces compelling the economy to provide for pressing needs is the vigorous population growth. In the last quarter of a century the number of persons in this country has increased by about 42 million, or equivalent to the current population of France. In order to provide for the growing population and a modest increase in housing space in keeping with rising living standards, it is estimated that additional dwelling units averaging a million annually would be needed for the next six years. The flow of cars is rising at a much faster pace than the development of highways, which are built for about 30 million cars but are forced to accommodate over 55 million. Technological progress has been unparalleled. Expenditures for scientific and engineering research this year amounted to around $4 billion or four times as much as for the entire decade of the 1920's. Our scientists are blazing new trails with unlimited horizons. We are about at the stage where the huge postwar expenditures will begin to show outstanding results. In our dynamic economy, industries are on the march. This is a sign of healthy growth. The migration of people within the country is the greatest in history. Mobility of population contributes much to the dynamics of the economy, creates markets for new homes, and builds new communities.

The extent of this migration movement is reflected in the increase during the last decade and a half of 36% in the number of persons living in the suburbs, as against a gain of only 14% in the central cities. Sheer necessity has forced industries to speed up rehabilitation work stemming from depreciation and obsolescence of plant and equipment in order to cut costs to meet rugged competition. Pressing challenges are met by science and ingenuity. For instance, the threatened exhaustion in a comparatively short time of our fuel and water supply by the tremendous demand of our utilities for electric power will be relieved by atomic energy.

As indicated, there are strong upward pressures by fundamental forces that are driving business forward. The industries and firms with vision and aggressiveness have made long-range plans to capitalize on the beckoning opportunities in risk-taking ventures. These plans are based upon projections that center around population growth and technological development.

Pattern of Rigidity Being Developed

While strong underlying forces are propelling business forward, other forces are injecting elements of rigidity that are moulding a pattern with repressing and blighting influence upon our economy. This rigidity is being evidenced in business affairs. Easy money policy and high taxes are causing a rapid growth in corporate debt financing. Borrowing through the sale of bonds has been and is the most economical means of obtaining funds since rates are low while interest charges are deductible from Federal taxes, with the consequence that the cost of borrowed funds is substantially less than equity financing. About 77% of total external funds of corporations in 1954 were from sales of bonds and notes, as against 26% in 1929. Since interest payments on debt are fixed charges and have preferred claims, any significant decline in income can impose quite a burden on many lines of business. When debt financing predominates over equity financing, our business economy becomes more rigid and increasingly vulnerable to any unfavorable development.

Role of Government in Shaping Our Economy

The most powerful influences working toward a pattern of rigidity are brought about by the government through excessive interference, red tape, regulations, exorbitant and discriminatory taxation, encouragement of rises in wage rates beyond productivity, as well as by stifling of new ideas, inventions, facilities, and any other factors that would have a restrictive influence upon the American economy.

Under the Employment Act of 1946, the government is charged with the responsibility of promoting "maximum employment, production, and purchasing power." This has been interpreted to mean that the Federal Government is

committed to take the necessary steps to maintain prosperous conditions and virtually full employment. Monetary and fiscal policies are used in an effort to keep the economy on an even keel. Because of poliitcal pressure, the tendency of governmental policies is to favor the upward tide of business. Whenever there is any slackness there is a hue and cry for a "nudge" or stimulation by government. Official action calls for quickness on the accelerator but slowness on the brakes. Accordingly, over the years there has been a steady expansion in the money supply beyond the needs of business. The process is not only inflationary, with the resultant depreciation in the purchasing power of the dollar, but also it greatly restricts the capacity to make necessary corrections. In the long run, maladjustments accumulate that could lead the way to stagnation, as has happened in some of the economies of Europe.

Adherence to Fundamental Principles Essential to Progress

A review of the last quarter of a century indicates that the greatest threat to economic progress is political pressure for the government to use its monetary and fiscal policies as instrumentalities to provide for security and the economic needs of the American people. Such a mandate paves the way for a planned economy or some other form of collectivism with its inevitable restrictions and lower living standards. Continuation of our economic progress calls for a dynamic economy with its requisites of economic freedom, reasonable profits, adequate venture capital, free markets, and sound governmental financial policies. Over the years, the political climate in Washington has shown considerable variation. At present the atmosphere is favorable to free enterprise. Business is being given a chance at self-regulation through competition, while more adequate incentives are being provided for risk taking, which is the mainspring of progress.

Under these favorable conditions, business must do its part by solving its own problems, and through initiative and ingenuity provide for a high level of employment, and support policies that are for the best interest of the country. The course of business in the next quarter of a century will largely be determined by the extent to which the American people and their government adhere to the fundamental principles responsible for our great economic growth.

With Keller Bros. Secs.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas G. Ronayne has become associated with Keller Brothers Securities Co., Zero Court Street. He was formerly with Jackson & Company.

Laidlaw Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Henry B. Traynor has been added to the staff of Laidlaw & Co., 80 Federal Street.

With Baker, Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Robert F. Taylor is now with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

Now With Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Arthur E. Cook has become associated with William R. Staats & Co., 111 Sutter Street. He was previously with Blyth & Co., Inc.

Joins Waldron Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Ray C. Moore is now with Waldron & Company, Russ Building. He was previously with Coombs & Co. of Los Angeles.

With Carroll, Kirchner

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Everett E. Steele has been added to the staff of Carroll, Kirchner & Jaquith, Inc., Denver Club Building.

With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Albert R. Dorow, Jr., is now connected with Straus, Blosser & McDowell, Bankers Equitable Building.

FIF Management Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—William F. Schreiner has joined the staff of FIF Management Corporation, 444 Sherman Street.

James M. Lober Opens

WHITE PLAINS, N. Y.—James M. Lober has opened offices at 76 Mamaroneck Avenue to engage in a securities business under the firm name of James M. Lober Co.

Philip Salant Opens

BROOKLYN, N. Y. — Philip Salant is engaging in a securities business from offices at 386 Avenue T under the name of Philip Salant Company.

A. G. Sand Opens

FORT MONTGOMERY, N. Y.—Alexander G. Sand is engaging in a securities business from offices at Cosmo Park.

Security Planning Formed

Security Planning Corporation has been formed with offices at 10 East 40th Street, New York City, to engage in a securities business.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks had the choice this week of heeding a break in London or of following the rails on their breakout into new high territory for a quarter of a century, but decided rather to ignore both. As a result it was left to individual favorites to keep things buoyant.

* * *

The sharp drop in prices again in London early in the week induced lots of caution but apart from some precautionary and momentary selling in issues like American Metal, where there are large British holdings, there was no effect in our market.

* * *

That there was no industrial follow-through to the rail breakout into new high territory, as had been widely expected, blunted the significance of the feat considerably. The previous top had been posted on the first trading session of the year and the carrier index twice tried unsuccessfully to better it before succeeding. Kansas City Southern, with the help of a better comparative earnings experience, was able to stand out on some good gains to spark the rails generally, but the big play was in the Eastern roads—Erie, Pennsylvania and Central. Erie, in particular, was able to achieve a new high since 1951, and was engaged in an attempt to scale that figure for the best price in the issue since its reorganization in 1941.

* * *

Peoria & Eastern was one of the rail stars until New York Central officially denied any intention of making any kind of deal to pick up the outstanding stock. The stock retreated rather rapidly from its all-time high posted on the strength of the rumors. Pennsylvania continued to get a good play with much talk about of a proxy fight. It is all pretty nebulous, however.

* * *

Rebound by Telephone

American Telephone, which has shown all sorts of patterns but little duplication in responding to the series of postwar debenture issues, made a rather surprising rebound to its best price level since 1946 after the brief selling that followed plans to offer another $625,000,000 debenture issue, probably around May. The unusually sharp one-day runup on hopes of a stock split — and such hopes are eternal in this issue — and its subsequent quick retreat came at just the right time to cloud the action that was due solely to the financing news. But since then it has been pushing ahead quietly in fair as well as foul market weather.

* * *

The big letdown when the Telephone "split" failed to materialize did, at least, set off a somewhat widespread trend for market analysts to discount all the great romance revolving around stock splits that are hailed even when there is no change in the dividend payment. The chore was to point out that there is little basic difference between one large piece and three or four little pieces of the same thing, except that it costs more to buy and sell the equivalent amount of little pieces because of the sliding commission scale.

* * *

Aircrafts Back in Limelight

Aircrafts mustered a bit of renewed popularity again this week with Douglas, a perennial leader, back in the limelight although not too inclined to set any historic price level. The issue had retreated a rather sizable distance from its recent high.

* * *

Boeing was able to move ahead along with Douglas and Bendix Aviation was also somewhat prominent on strength.

It is a bit inconsistent that Bendix should share the fates of the airframe makers. The company doesn't make any planes and might better be classified among the electronics firms on the nature of its products. Nevertheless, it was able to nudge its high up the ladder a bit further.

* * *

Action in Low-Priced Issues

Some of the low-priced shares featured both on good price action and high volume. Baldwin-Lima-Hamilton, Hupp Corp., Gar Wood and Electrical & Musical Industries were among the busier in this section, with some good price advances occasionally. Hupp has a long way to go to set any noteworthy prices since it is one of the issues that have had to suffer a "reverse split" in 1937 that cut holdings in half through a 1-for-2 exchange.

* * *

Cement issues indicated that they haven't foresaken the spotlight even though they recently went through a consolidating phase with little overall progress. Alpha Portland Cement was this week's leader, helped by a good earnings statement. Marquette Cement, a somewhat new issue to listed trading, occasionally stumbled to provide the dour note in the division. It illustrated the recent popularity for the group in that in less than a year of trading it nevertheless at the high had doubled the price over its 1954-55 low.

* * *

The General Motors-du Pont section of the list was far more prominent on persistent, although moderate, easiness than for any great buoyancy. du Pont occasionally turned definitely irregular including one session when a peak gain of sizable proportions not only disappeared in a matter of minutes but was replaced by a nearly-identical net loss. And this in the face of a higher interim dividend than was paid a year ago. General Motors has sagged quietly for the most under the weight of its large financing despite reports of a good reception for it.

* * *

Oils Consolidate

Oils have been as selective as any of the major groups with leadership rotating from day to day and the whole picture one of consolidation rather than any determined moves either way. Houston was one of this week's stars with a multi-point runup. The so-called Getty group—Pacific Western, Skelly, Mission and Tide Water — generally featured on moderate strength. There was occasional easiness in the "Standard" oil issues and Cities Service for the most pursued an aimless market course.

* * *

Steels were undistinguished with Bethlehem Steel occasionally showing some pinpoint trader attention while U. S. Steel was inclined to slip and occasionally dropped by wider margins than are normal for it in routine sessions. Paper shares were somewhat neglected although Sutherland was able to join the issues appearing in the daily new highs lists. Oxford Paper was the erratic member of the group, good strength evaporating the next day into a loss that pretty much left things unchanged overall.

* * *

Some of the textiles came to life at times, notably Real Silk Hosiery. The American Woolen-Robbins-Mills-Textron forthcoming merger produced only a bit of life in the Woolen preferreds.

* * *

Rubber shares had to contend with some soft moments, Firestone doing somewhat poorer than the rest. Chemicals generally were out of favor, with the play in Virginia Carolina Chemical at an apparent end. The stock substituted a couple of rather large losses for its recent soaring style.

Stock Market Hearings Start March 3

Senator Fulbright sets 15 days of hearings with 20 expert witnesses from areas of government, finance and business.

Senator J. W. Fulbright (D., Ark.), Chairman of the Senate Banking and Currency Committee, announced that hearings on the Committee's study of the stock market will begin March 3, 1955. The Committee has invited 20 persons to testify. All have indicated that they will appear.

J. W. Fulbright

Included in the list are representatives of stock exchanges, over-the-counter securities dealers, economists, investment bankers, financial institutions, investment companies, industrial companies with large public financing, market analysts and Government agencies.

"The witnesses were selected," said Senator Fulbright, "to obtain opinions from persons of wide experience with the particular phases of the stock market study. In addition to the general picture, business conditions, credit and tax policies, investment company, pension fund and union fund participation, the extent of equity financing, and stock exchange member trading were all factors that were considered.

"Our primary concern was to obtain the testimony of persons qualified to speak upon each of these subjects. Secondarily, we wanted persons with a breadth of vision not confined to their specialties."

Schedule of Witnesses

March 3 — G. Keith Funston, President, New York Stock Exchange, New York, N. Y.

March 4 — Edward T. McCormick, President, American Stock Exchange, New York, N. Y.

March 7—James E. Day, President, Midwest Stock Exchange, Chicago, Ill., and Ronald E. Kaehler, President, San Francisco Stock Exchange, San Francisco, Calif.

March 8 — Harold E. Wood, Chairman, National Association of Securities Dealers, and President and Director, Harold E. Wood & Co., St. Paul, Minn.; also Professor John K. Galbraith, Harvard University, Cambridge, Mass.

March 9 — Winthrop H. Smith, Managing Partner, Merrill Lynch, Pierce, Fenner and Beane, New York, N. Y.

March 10—Marriner S. Eccles, Salt Lake City, Utah; also John J. McCloy, Chairman of the Board of Directors, Chase National Bank, New York, N. Y.

March 11 — General Robert E. Wood, Director and Chairman of the Finance Committee, Sears, Roebuck and Co., Chicago, Ill.; also Benjamin Graham, Chairman and President, Graham-Newman Corp., New York, N. Y.

March 14—William McC. Martin, Chairman, Board of Governors, Federal Reserve System, Washington, D. C.

March 15 — Honorable George M. Humphrey, Secretary of the Treasury, Washington, D. C.

March 16 — Dorsey Richardson, Chairman, National Association of Investment Companies, New York, N. Y.

March 17—Ferdinand Eberstadt, Chairman of the Board and President, F. Eberstadt & Co., Inc., New York, N. Y.

March 18 — Harlow H. Curtice, President, Chief Executive Officer and Director, and Albert Bradley, Executive Vice-President, Director and Chairman, Financial Policy Committee, General Motors Corporation, Detroit, Michigan.

March 21 — Benjamin F. Fairless, Chairman, Board of Directors, U. S. Steel Corp., Pittsburgh, Pa.

March 22—Ralph H. Demmler, Chairman, Securities and Exchange Commission, Washington, D. C.

March 23—Bernard M. Baruch, New York, N. Y.

Gold Market Assuming More "Normal" Appearance

February issue of the "Midland Bank (London) Review," in article entitled "Another Chapter in the Story of Gold," finds the distribution of world's monetary gold in past few years has reflected the general improvement in international financial relations. Sees as most noteworthy developments: (1) the reestablishment of the London Gold Market, and (2) the inauguration of a gold transactions service by the International Monetary Fund.

In a leading article, entitled "Another Chapter in the Story of Gold," the February issue of the "Midland Bank (London) Review" surveys recent developments bearing on the place of gold in the world economy, and concludes that changes in the distribution of monetary gold during the last years have reflected the improvement in international financial relations, and the situation, in general, has taken on a more normal appearance.

Commenting on the situation, the "Midland Bank Review" states:

"Two noteworthy developments have occurred, within the past three years, in the facilities available for transactions in gold. First, as will later be described, the London gold market has been reopened. Secondly—though earlier in time—the International Monetary Fund has inaugurated a gold transactions service. On several occasions, when one member had wished to sell gold in a particular center and another to buy there, the Fund had been able to put the two members in touch with one another, thus enabling both to satisfy their needs with a saving of cost. At the suggestion of members, in March, 1952, this provision of liasion was made into a regular service available to all members. The Fund charges each of the parties to a completed transaction, whose identity remains secret, 1/32% in dollars, and pays the various charges incidental to the transfer in the books of the depository. By the end of April, 1953, 24 transactions had been completed, amounting to the equivalent of $219 m. In the second year the Fund did not receive selling orders sufficient to match the 'continuous demand' to buy, and the demand had to be met to a great extent through already established channels; only eight transactions, amounting to the equivalent of $79 m., were completed.

"Meanwhile, developments in the world's open markets for gold have taken on a more 'normal' appearance. Despite the virtual abandonment by the Fund, in

September, 1951, of its attempts to direct newly-mined gold into official reserves and prevent it from leaking away into private hoards, the movement has come to conform more closely with the officially approved pattern. The increase in the world total of monetary gold, expressed as a proportion of the amount of new production, has since increased each year. Estimates of holdings and output made by such bodies as the Fund, the Bank for International Settlements and the Federal Reserve Board differ from one another to some extent; and the Fund has pointed out that 'there are . . . many imperfections in the data for making this comparison.' Yet all estimates agree that the increase in reserves amounted to about one-half of new production in each postwar year until 1950. In 1951 it fell below one-quarter — perhaps even as low as one-sixth. The year 1952 saw a considerable recovery; by 1953 the figure had been restored to about one-half; and preliminary estimates suggest that the proportion for 1954 was again higher.

"This does not necessarily mean that more of the gold coming fresh from the mines has been sold direct to national monetary authorities. In fact, the Fund's announcement in September, 1951, was followed by relaxations or abandonment of control in a number of major producing countries. Sales in premium markets by producers in Southern Rhodesia and Crown Colonies were at first restricted to 40% of new production, but this limitation was removed from May, 1952. Similar freedom has been granted to producers in Australia and Canada, although Canadian producers who choose to exercise it are not eligible for the domestic subsidy.

"It is a condition of each of these schemes that payment for the gold must be made in dollars. South Africa, by far the largest producer, has been operating an arrangement—which was allowed to lapse at the end of 1954—under which she met all her own requirements of dollars and other hard currencies and undertook, in addition, to sell to Britain each year a minimum of 4 million fine ounces of gold, a quantity representing about one-third of her total annual production and the equivalent of roughly £50 m. at present prices. As an official statement made plain, South Africa was anxious not to 'embarass the market,' as might have happened if premium sales, which had been running at about 40% of her output, were unrestricted. Accordingly, a 40% maximum was retained, and a condition that the gold sold in premium markets must be in processed form was maintained until October, 1953. Here, too, payment had to be made in dollars.

"When the London gold market was reopened in March, 1954, the permission granted to South African producers to sell gold on their own account was withdrawn. The entire production must now be sold to the South African Reserve Bank, which pays for it at rates based on the London market price. The Reserve Bank has announced that its policy is to 'make the maximum use' of the London market because, 'having regard to the international nature and the leading position of the London market, it appears unlikely that a better price could normally be obtained elsewhere.'

"Thus positive restrictions on the supply of gold to the free markets of the world were loosened in the months following the Fund's statement of September, 1951. Moreover, some gold is consumed regularly by industry and the arts, and to meet these demands various countries have made arrangements differing according to the restrictions imposed on holding and dealing in gold. In the United Kingdom, for instance, before the reopening of the London market, gold for these purposes was provided, under license, from the official stocks. It is now obtained through the London market, again under license. Demand of this kind, however, does not vary much from year to year. When a change occurs in the rate of increase of the world's stocks of monetary gold, compared with new output, it is largely attributable to variations in the intensity of private demand for hoarding and the inducements and impulses, to dishoarding, eitiher of which may be affected by changes in political circumstances or current views about the prospects for particular national currencies.

"The relative smallness of the increase in the world's stock of monetary gold during 1951 seems to have resulted from renewed hoarding following the outbreak of war in Korea. The price in free markets rose abruptly at first, but declined from the beginning of 1951, and fell rather more sharply when in September, 1951, the Fund announced its 'retreat' from the full, combative position it had taken up hitherto. Thereafter, supplies for the open markets became more readily available as producing countries exercised their new freedom. In France, moreover, in 1952 an appreciable amount of gold was disgorged from private hoards and subscribed to an official gold loan. At the same time, private demand fell as fears of an extension of the Korean War proved unfounded, and increasing financial stability throughout the world was reflected in steadier prices for gold in free markets, some relaxation of exchange restrictions and a more balanced interchange of monetary gold.

"Under the pressure of readier supplies and a decline in demand, free market prices of gold continued to fall gently but steadily until in November, 1953, the premium over the official price of $35 an ounce disappeared. It was about this time that Canada and South Africa removed the restrictions they had imposed on the form in which gold might be exported. In fact, exports of newly-mined gold to the free markets seem to have fallen off, but supplies were sustained by substantial sales of gold by Russia. Generally, little is known of the output or stocks of gold behind the iron curtain, and external transactions in gold seem to be infrequent. Sales of Russian gold had been reported in 1946 and 1947, and again in 1952, but they were on a smaller scale than those which occurred on European markets in the autumn of 1953 and the spring of 1954. So much for the general setting against which the reopening of the London gold market, in March, 1954, has to be recorded."

Joins P. B. Brooks

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Guy L. Pelton has joined the staff of P. W. Brooks & Co., Inc., 1562 Main Street.

President Eisenhower Presents Road Program

In special message to Congress, he asks approval of a $101 billion long-range road-building program, in which the states and localities would participate along with the Federal Govt.

President Dwight D. Eisenhower, on Feb. 22, submitted to Congress a special message in which he outlined a long-range road-building program involving, over a period of ten years, an estimated expenditure of $101 billion, to be shared by States, localities and the Federal Government.

The text of the President's special message follows:

To the Congress of the United States:

Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods. The ceaseless flow of information throughout the Republic is matched by individual and commercial movement over a vast system of inter-connected highways criss-crossing the country and joining at our national borders with friendly neighbors to the north and south.

Pres. Eisenhower

Together, the uniting forces of our communication and transportation systems are dynamic elements in the very name we bear —United States. Without them, we would be a mere alliance of many separate parts.

The nation's highway system is a gigantic enterprise, one of our largest items of capital investment. Generations have gone into its building. Three million, three hundred and sixty-six thousand miles of road, traveled by 58,000,000 motor vehicles, comprise it. The replacement cost of its drainage and bridge and tunnel works is incalculable. One in every seven Americans gains his livelihood and supports his family out of it. But, in large part, the network is inadequate for the nation's growing needs.

In recognition of this, the Governors in July of last year at my request began a study of both the problem and methods by which the Federal Government might assist the States in its solution. I appointed in September the President's Advisory Committee on a National Highway Program, headed by Lucius D. Clay, to work with the Governors and to propose a plan of action for submission to the Congress. At the same time, a committee representing departments and agencies of the National Government was organized to conduct studies coordinated with the other two groups.

Quick and Forward-Looking Action Needed

All three were confronted with inescapable evidence that action, comprehensive and quick and forward-looking, is needed.

FIRST: Each year more than 36,000 people are killed and more than a million injured on the highways. To the home where the tragic aftermath of an accident on an unsafe road is a gap in the family circle, the monetary worth of preventing that death cannot be reckoned. But reliable estimates place the measurable economic cost of the highway accident toll to the nation at more than $4,300,000,000 a year.

SECOND: The physical condition of the present road net increases the cost of vehicle operation, according to many estimates, by as much as one cent per mile of vehicle travel. At the present rate of travel this totals more than $5,000,000,000 a year. The cost is not borne by the individual vehicle operator alone. It pyramids into higher expense of doing the nation's business. Increased highway transportation costs, passed on through each step in the distribution of goods, are paid ultimately by the individual consumer.

THIRD: In case of an atomic attack on our key cities, the road net must permit quick evacuation of target areas, mobilization of defense forces and maintenance of every essential economic function. But the present system in critical areas would be the breeder of deadly congestion within hours of an attack.

FOURTH: Our gross national product, about $357,000,000,000 in 1954, is estimated to reach over $500,000,000,000 in 1965 when our population will exceed 180,000,000 and, according to other estimates, will travel in 81,000,000 vehicles, 814,000,000,000 vehicle miles that year. Unless the present rate of highway improvement and development is increased, existing traffic jams only faintly foreshadow those of ten years hence.

To correct these deficiencies is an obligation of government at every level. The highway system is a public enterprise. As the owner and operator, the various levels of government have a responsibility for management that promotes the economy of the nation and properly serves the individual user. In the case of the Federal government, moreover, expenditures on a highway program are a return to the highway user of the taxes which he pays in connection with his use of the highways.

Federal Aid Systems

Congress has recognized the national interest in the principal roads by authorizing two Federal aid systems, selected cooperatively by the states, local units and the Bureau of Public Roads.

The Federal aid primary system as of July 1, 1954, consisted of 234,407 miles, connecting all the principal cities, county seats, ports, manufacturing areas and other traffic generating centers.

In 1944 the Congress approved the Federal aid secondary system, which on July 1, 1954, totaled 482,972 miles, referred to as farm-to-market roads—important feeders linking farms, factories, distribution outlets and smaller communities with the primary system.

Because some sections of the primary system, from the viewpoint of national interest, are more important than others the Congress in 1944 authorized the selection of a special network, not to exceed 40,000 miles in length, which would connect by routes, as direct as practicable, the principal metropolitan areas, cities and industrial centers, serve the national defense and connect with routes of continental importance in the Dominion of Canada and the Republic of Mexico.

This national system of interstate highways, although it embraces only 1.2% of total road mileage, joins 42 state capital cities and 90% of all cities over 50,000 population. It carries more than a seventh of all traffic, a fifth of the rural traffic, serves 65% of the urban and 45% of the rural population. Approximately 37,600 miles have been designated to date. This system and its mileage are presently included within the Federal-aid primary system.

In addition to these systems, the Federal government has the principal, and in many cases the sole, responsibility for roads that cross or provide access to Federally owned land — more than one-fifth the nation's area.

Of all these, the interstate system must be given top priority in construction planning. But at the current rate of development, the interstate network would not reach even a reasonable level of extent and efficiency in half a century. State highway departments cannot effectively meet the need. Adequate right-of-way to assure control of access; grade separation structures; relocation and realignment of present highways; all these, done on the necessary scale within an integrated system, exceed their collective capacity.

If we have a congested and unsafe and inadequate system, how then can we improve it so that 10 years from now it will be fitted to the nation's requirements?

A realistic answer must be based on a study of all phases of highway financing, including a study of the costs of completing the several systems of highways, made by the Bureau of Public Roads in cooperation with the state highway departments and local units of government. This study, made at the direction of the 83rd Congress in the 1954 Federal aid highway act, is the most comprehensive of its kind ever undertaken.

Its estimates of need show that a 10-year construction program to modernize all our roads and streets will require expenditure of $101,000,000,000 by all levels of government.

The preliminary 10-year totals of needs by road systems are:

(In Billions of Dollars)

	Urban	Rural	Total
Interstate	$11	$12	$23
Federal-aid primary	10	20	30
Federal-aid secondary	--	15	15
Sub-total of Federal-aid systems	$21	$47	$68
Other roads and streets	16	17	33
Totals of needs	$37	$64	$101

The Governors' Conference and the President's Advisory Committee are agreed that the Federal share of the needed construction program should be about 30% of the total, leaving to state and local units responsibility to finance the remainder.

The obvious responsibility to be accepted by the Federal Government, in addition to the existing Federal interest in our 3,366,000-mile network of highways, is the development of the interstate system with its most essential urban arterial connections.

Recommendations

In its report the advisory committee recommends:

(1) That the Federal Government assume principal responsibility for the cost of a modern interstate network to be completed by 1964 to include the most essential urban arterial connections; at an annual average cost of $2,500,000,000 for the ten-year period.

(2) That Federal contributions to primary and secondary road systems, now at the rate authorized by the 1954 act of approximately $525,000,000 annually, be continued.

(3) That Federal funds for that portion of the Federal-aid systems in urban areas not on the interstate system, now approximately $75,000,000 annually, be continued.

(4) That Federal funds for forest highways be continued at the present $22,500,000 per year rate.

Under these proposals, the total Federal expenditures through the ten-year period would be:

	(Billions)
Interstate system	$25.000
Federal aid, primary & secondary	5.250
Federal aid, urban	.750
Forest highways	.225
	$31.225

The extension of necessary highways in the territories and highway maintenance and improvement in national parks, on Indian lands and on other public lands of the United States will continue to be treated in the budget for these particular subjects.

A sound Federal highway program, I believe, can and should stand on its own feet, with highway users providing the total dollars necessary for improvement and new construction. Financing of interstate and Federal-aid systems should be based on the planned use of increasing revenues from present gas and Diesel oil taxes, augmented in limited instances with tolls.

Financing Suggestions

I am inclined to the view that it is sounder to finance this program by special bond issues, to be paid off by the above-mentioned revenues, which will be collected during the useful life of the roads and pledged to this purpose, rather than by an increase in general revenue obligations.

At this time, I am forwarding for use by the Congress in its deliberations the report to the President made by the President's Advisory Committee on a National Highway Program. This study of the entire highway traffic problem and presentation of a detailed solution for its remedy is an analytical review of the major elements in a most complex situation. In addition, the Congress will have available the study made by the Bureau of Public Roads at the direction of the Eighty-third Congress.

These two documents together constitute a most exhaustive examination of the national highway system, its problems and their remedies. Inescapably, the vastness of the highway enterprise fosters varieties of proposals, which must be resolved into a national highway pattern. The two reports, however, should generate recognition of the urgency that presses upon us; approval of a general program that will give us a modern safe highway system; realization of the rewards for prompt and comprehensive action. They provide a solid foundation for a sound program.

DWIGHT D. EISENHOWER

The White House,
February 22, 1955.

Railroad Securities

Chicago Great Western

Financing developments, both active and projected, continue to dominate the railroad news. Within the past two weeks the Interstate Commerce Commission has granted both Baltimore & Ohio and Chicago, Rock Island & Pacific exemption from competitive bidding requirements with respect to their proposed refunding operations. Rock Island proposes to place privately, through investment bankers, an issue of $65 million of Income Debentures, the proceeds to be used to call for redemption the outstanding 5% preferred stock. Baltimore & Ohio plans a much more ambitious operation, involving the refunding of as much as $345 million of its present debt with a view toward a lower average interest rate. Investment bankers have been working on this proposal which may be done either piecemeal or as one operation, probably the former. It is expected that it will largely take the form of an exchange offer to present holders, mostly institutional.

Exchange of Income bonds for existing preferred stocks, with a view toward reducing the Federal income tax burden, also continues. The latest entrant is Erie which has asked the ICC for permission to issue $40,288,200 of 5% Income Debentures for this purpose. Obviously this will take the form of an exchange offer to the preferred stock holders as Erie's credit standing at this time would not support an underwriting of this nature. It is felt in financial quarters that other similar plans along the same line will be announced shortly. Prominent among the roads being mentioned as candidates for an exchange offer are Chicago Great Western and Gulf Mobile & Ohio. It is considered significant that the common stocks of both of these roads were quite active last week, and among the strongest of the lower priced rail issues. In particular it is being pointed out that such an operation would materially improve the status of Chicago Great Western common as there are more shares of the $2.50 preferred outstanding than there are common shares.

The preferred is outstanding in the amount of 366.104 shares and if this could be exchanged into 5% Income bonds in the ratio of $50 face value of bonds for each preferred share it is indicated that the tax saving, net, would work out to $1.35 a share on the 352,639 common shares outstanding. This would represent quite a sizable increment to the earnings of $6.08 a share, before sinking and other reserve funds, reported for 1954. Even without such an operation many rail analysts feel that the shares still have a large measure of appeal despite the advance of well over 100% from last year's low. It is pointed out that the comprehensive property rehabilitation that obscured true earning power for so many years has now been completed, and that finances have been sufficiently improved so that regular dividends may now be looked for. The first dividend to be paid since consummation of reorganization many years ago was one of $0.75 a share distributed late last year.

In point of operating performance the road has made phenomenal strides in recent years. The company was one of the earliest to achieve complete dieselization and when that was accomplished a long and costly roadway improvement and yard modernization program was essential if the full benefits of the modern power were to be realized. The substantial progress made is best measured by the fact that the transportation ratio that had been above 40% as recently as 1948 was down to 30.4% by 1953. There was a rise of two full points last year but this still left the road well below the Class I average and among the leaders of the industry in this respect. Also, it is notable that the road was one of the few Class I properties to report an increase in earnings in 1954, the $6.08 reported for the period comparing with $5.92 realized in 1953. With business generally improving it is expected that this showing will be improved upon in the current year.

Joins Shuman, Agnew

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert L. Morris is now with Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Richard V. Baldry is with Mitchum, Jones & Templeton, 650 South Spring Street, members of the Los Angeles Stock Exchange.

NASD Committee Appointm'ts Announced

Harold E. Wood, Harold E. Wood & Co., St. Paul, Minn., Chairman of the Board of Governors of the National Association


Harold E. Wood


Allen C. du Bois

of Securities Dealers, announces the following committee appointments for 1955:

Executive Committee: Chairman, Mr. Wood; members, George F. Noyes, The Illinois Company, Chicago; William H. Potter, Jr., The First Boston Corporation, Boston; Roy W. Doolittle & Co., Buffalo; Frank H. Hunter, McKelvey & Company, Pittsburgh; Allen C. DuBois, Wertheim & Co., New York; H. Warren Wilson, Union Securities Corporation, New York; and Wallace H. Fulton, the Association's Executive Director.

Finance Committee; Chairman, Mr. DuBois; members, Mr. Wood, Harold E. Wood & Company, St. Paul; Mr. Potter; Mr. Doolittle; William J. Collins, William J. Collins & Co., Portland, Ore.; Jo M. French, Blyth & Co., Inc., Los Angeles; and Mr. Fulton.

National Business Conduct Committee: Chairman, Mr. Hunter; members, Edward H. Austin, Austin, Hart & Parvin, San Antonio; Earl K. Bassett, W. E. Hutton & Co., New York; Howard H. Fitch, Barrett, Fitch, North & Co., Kansas City; Lee H. Ostrander, William Blair & Company, Chicago; and Frank L. Reissner, Indianapolis Bond & Share Corporation, Indianapolis.

Reed & Sloan Co. Opens in Dallas

DALLAS, Texas—Reed & Sloan Company has been formed with offices in the Adolphus Tower Building to engage in the securities business. Harry F. Reed, formerly Vice-President of Dallas Rupe & Son, is a principal of the firm.

NYSE Appoints B. J. Harriman

Keith Funston, President of the New York Stock Exchange, has announced the appointment of Bernard J. Harriman as Assistant Chief Examiner.

Mr. Harriman started his career in the financial district in 1908. He joined the Exchange as an Examiner in 1930 after working as an Accountant with several member firms and public accountants. Prior to his promotion he was Senior Examiner.

Morgan Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Leslie B. Irvin has been added to the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

With Ball, Burge

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Roy J. Reyant has become associated with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Reyant was previously with Hayden, Miller & Co.

Hutton Names Pease Plaza Office Co-Manager

E. F. Hutton & Company, member of the New York Stock Exchange, has announced appointment of Fred F. Pease as co-manager of its midtown office in the Plaza Hotel.

Mr. Pease joins William M. Canby, 3rd in active direction of the firm's growing business in the Park Plaza area.

Hutton's Plaza Hotel office has for nearly four decades served many famous New Yorkers and out-of-town celebrities.

One of the original managers, Walter Watson, who at over 90 years of age is still active and is at his desk most every day, serves some of his original customers and their sons and grandsons.

Stolle, Baker Adds

(Special to THE FINANCIAL CHRONICLE)

PALM SPRINGS, Cal.—Rowland G. France is now affiliated with Stolle, Baker & Co., Inc., 174 North Palm Canyon Drive. He was formerly with J. A. Hogle & Co.

E. N. Siegler Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Myron H. Friedman has been added to the staff of Edward N. Siegler & Co., Union Commerce Arcade, members of the Midwest Stock Exchange.

Joins Cruttenden Co.

(Special to THE FINANCIAL CHRONICLE)

MADISON, Wis. — Charles R. Dale has become associated with Cruttenden & Co. of Chicago. Mr. Dale for many years was with Blair, Rollins & Co. Inc.

Joins Central Republic

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—Jacob S. North is now associated with Central Republic Company. Mr. North was previously with E. E. Henkle Investment Company.

With Interstate Secs. Corp.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — John C. Noble has become connected with Interstate Securities Corporation, Commercial National Bank Building.

Economic Growth and Inflation

By ALVIN H. HANSEN*

Professor of Political Economy, Harvard University

Harvard economist, holding there is danger in only a moderate rate of growth of the economy, decries fear of inflation as an obstacle to recovery. Asserts, "one does not encounter the condition of inflation so long as percentage increases in the aggregate output exceed by a considerable margin the percentage increases in the price level." Concludes we are now nearly $30 billion below our growth potential. Favors a 75% stock market margin.

The massive sustaining structure that has been built into the economy during the last 15 to 20 years—social security, farm price supports, government housing programs, and a highly progressive income tax — have stood us in good stead. Happily we are at long last agreed that this structure is not an artificial prop, as we were formerly told, but instead a bulwark of strength in our economy. Together with the continuing support (despite a considerable cut) of a $70 billion budget, major tax reductions, and easy credit, we have pulled through without serious depression.

Alvin H. Hansen

A year ago there was general agreement among those of us who appeared before your committee that the economy most probably would continue to move sidewise during the next 12 months. This in fact is what has occurred. And now a reduced inventory liquidation together with a strong seasonal increase in automobile production accounts for the slight recovery thus far. Neither of these provide any solid ground for believing that we are on the way back to our growth track. This would require one or more of these things: (1) A sharp upward shift in the consumption-income ratio, (2) a sharp increase in fixed capital investment, or (3) an increase in government outlays.

No one, so far as I am aware, has projected any probable increase in fixed capital investment. Federal Government outlays are scheduled to drop slightly. Thus we are back just where we were a year ago when we had our hearings on the Economic Report. Any large forward thrust must come from consumption.

I suggested a year ago the great danger that we become complacent and satisfied with only a moderate rate of growth. To illustrate this, I used a model (Table I) adjusted to conform to the revised GNP figures in the 1954 Report.

My "potential" growth model has as its base the average for 1953, not the peak quarter. The last half of '53 was down. The figure therefore does not represent over-full employment. I presuppose a growth of 3½% a year, by common consent a reasonable figure. My second model, representing the complacency which I fear, happened to hit upon a figure for 1955 which is almost precisely the forecast recently made by "Fortune Magazine." While this represents a considerable recovery, it is none the less $28 billion below our potential growth line.

Inflation

Now all this has a bearing on monetary policy in the year ahead. In the brief time at my disposal I shall not attempt to go over the ground covered in recent hearings. Instead I propose to strike a new note on an old theme. I refer to the matter of inflation. I should like to propose a new definition — one, I hope, which might have some operational value for monetary policy.

I do this because the **fear** of inflation is again becoming an obstacle to recovery. Read, for example, the interview article by Secretary Humphrey in the Jan. 14 issue of "U. S. News and World Report." This preoccupation with inflation is of course in large part understandable due to the fact that we are living in a warswept century.

I suggest that we need a new concept which I propose to call "pure inflation," and I propose to set this over against the concept of "price adjustments to output changes."

"Pure inflation" (and I underscore the word "pure"), I should say, is a condition in which prices rise without any appreciable increase in output.

Countries which have suffered in the past from the evils of inflation have typically experienced large price increases with no substantial increase in output. Indeed in cases of hyper-inflation output has often actually decreased.

There are, to be sure, degrees of **pure** inflation. And I should like to suggest, to help clarify our thinking, the following general observation. I suggest that at no time in our history, nor indeed in that of any other country, can it be shown that price increases have injured the economy and the general welfare if in the period in question the increase in aggregate output has substantially exceeded percentage-wise the increase in prices.

Frederick Mills, of the National Bureau of Economic Research, surveying 80 years of cyclical movements in our history, has shown that in periods of expansion, for every **1%** increase in output, we have had **8/10%** increase in prices—a five to four ratio. Professor Mills' short-run ratios of output increases to price increases might of course develop against the background either of a **long-run** down-trend in prices or a long-run up-trend.

I repeat, one does not encounter the condition of inflation **in any meaningful sense** so long as percentage increases in aggregate output exceed by a considerable margin the percentage increases in the price level.

I should be prepared, in special circumstances, however, to go a bit farther. There are times when a tremendous forward push is urgently needed, when a choice has to be made between permitting a price increase substantially greater than my rule suggests, or else foregoing the needed increase in aggregate output.

The Situation in 1946

Consider, for example, the situation in 1946 after the removal of price and wage controls and the cut in wartime taxes. Having chosen to remove the main restraints on consumption (and I assume that political realism forbade any other choice) what then? The only way remaining to keep aggregate demand in check would have been drastic monetary restraint on **investment.** Would this have been desirable policy? I think not. A rapid transition to full peacetime production required massive investment in plant, equipment and inventories to make good the accumulated shortages caused by the war. It was a choice of the lesser evil. It did indeed mean a price increase percentage-wise considerably greater than the increase in aggregate output. But the massive investment laid the groundwork for a large increase in output later and contributed greatly to the slowing down of the price movement by 1948.

We are living in a century in which the long-run trend in prices has been upward. The two world wars, and to a lesser extent the Korean War, afford, of course, the main explanation.

I think we might gain historical perspective if we take a look at the record of aggregate output and price trends during the last half centruy (Table II). I divide the half century from 1900 to 1953 into three periods. The first is the quarter century from 1900 to 1925; the second, the quarter century from 1925 to 1950; the third (by way of comparison) is the short recent period from 1948 to 1953.

With respect to each of these periods I ask two questions: (1) What was the rate of increase of output per annum, and (2) what was the rate of increase of prices per annum, calculated on the compound percentage rate basis. I believe you will find the results of this calculation both interesting and instructive.

In the first period 1900 to 1925, aggregate output increased at the compound rate of 3.5% per annum; prices at the rate of 3% per annum. For the second quarter century, 1925 to 1950, output increased at the compound rate of 3% per annum; prices at the much slower rate of 1.5% per annum. For the recent short period, 1948 to 1953, output increased at the rate of 4.5% per annum; prices at the rate of 1.5% per annum.

The record with respect to price stability during the last quarter century is considerably better (contrary to what is commonly believed) than in the first quarter of our century. Prices rose just twice as rapidly per annum in the first quarter of the century.

The greater price revolution of the earlier period also becomes evident when one compares the **lowest** prewar price years with the postwar price index after prices had settled down. Thus, using the years 1894-97 as the base, the index, wholesale and consumer combined, (for the period in which both are available) stood at 243 in 1923-25. In the second period, using the low years 1931-34 as the base, the combined index stood at 200 in 1948-50.

The great gains in aggregate output, during the last two decades, have been widely distributed — more equally in recent years than ever before. The new price level has not given us, as sometimes in the past, increasing inequality.

Three criteria (all suggested years ago by Professor Pigou) can usefully be applied to test the general health of an economy. They are as follows: (1) Has the per capita real income increased? (2) Have the over-all gains been widely distributed? (3) Has there been adequate capital formation to implement technological progress? The last quarter century stands up well under these tests.

Now let me emphasize one thing. We should pursue no rigid goal with respect to price stability. We should emphatically not aim at a constantly rising price level. Nor should we set up the goal of rigid price stability. We should keep our eyes fixed primarily on "maximum production, employment and purchasing power."

I should myself hope that over long stretches we could approach our full growth potential at substantially stable prices. I am encouraged in this hope by the record achieved in 1951-53 inclusive.

We Are Below Our Growth Potential

Just now we are nearly $30 billion below our growth potential, and we are rather complacent about it. Why do we do it? The inflation bogey is perhaps the main answer.

And now a final word directed at the questions on your agenda. First, what should be our policy with respect to the quantity of money?

I suggest that for a rich industrial country the "correct" quantity of money is not any precise fixed amount. It may be anything within a rather wide range. A rich, highly developed country desires and is capable of holding a very large amount of liquid assets in relation to its income. A poor, undeveloped country is not. In a rich country there is no close relation between the quantity of money and aggregate spending. In a poor country, there is. That is why the quantity theory of money applies quite well to poor countries. The quantity theory has very little relevance for rich advanced countries.

If the level of economic activity is low, we should actively promote high liquidity and a policy of easy credit. If activity is running very high, the monetary authorities should lean moderately against the inflationary pressures. Monetary policy should make a "modest contribution" toward the containment of inflation, but primary reliance should be placed upon fiscal policy and selective controls.

The monetary authorities should, I believe, follow no rigid formula with respect to the quantity of money. A rich advanced society does not hold money merely for transactions purposes, and therefore the old velocity concept is more or less meaningless. It cannot function well without large liquid assets, ready to take advantage of changing investment opportunities and prepared to meet unforeseen contingencies. Such a society cannot prosper without a highly elastic monetary system.

Similarly, as I have tried to indicate, we should have no rigid rule with respect to price stability. We should aim primarily at full production and employment, and we should direct our productive energies toward the things most needed. We are too complacent about our current GNP and we are, I fear, seriously neglecting the matter of social priorities, but that topic would perhaps get us too far away from monetary policy. I had something to say about that in my statement last year.

Stock Market Margin Requirements

A brief word about another question on your agenda — the stock market margin requirements. I should like to raise the question, if I may, for later panel discussion, whether any good purpose is ever served by dropping the ratio below 75%. I do not pretend to know the answer, but unless someone can enlighten me to the contrary, I find it difficult to see what purpose, in the general interest, is served by a ratio lower than 75%.

TABLE I

Growth Models

(In Billions of Dollars)

	(1) GNP (in 1954 Prices) Maximum Employment and Production Potential	(2) GNP (in 1954 Prices) Assumed Moderate Growth Pattern	(3) Loss of GNP (1) — (2)
1953	$368	$368	0
1954	381	357	$24
1955	394	366	28
1956	408	371	37
1957	422	376	46
1958	437	386	51
1959	452	386	66
1960	468	396	72
Total loss of Gross National Product			$324

TABLE II*

Percent Increase (compound rate)

	1900 to 1925	1925 to 1950	1948 to 1953
Aggregate Output	3.5% per year	3.0% per year	4.5% per year
†Price Index	3.0% per year	1.5% per year	1.5% per year

†Composed of: (1) Consumer prices; (2) Wholesale prices.

*The index numbers are as follows:

	Aggregate Output	General Index	Consumer Index	Wholesale Index
A. For 1925 (1900 = 100)	240	203	221	185
B. For 1950 (1925 = 100)	207	140	137	153
C. For 1953 (1948 = 100)	124	108	111	105

*A statement by Prof. Hansen before the Joint Committee on the Economic Report, Washington, D. C., Jan. 31, 1955.

Flanigan Director

Peter M. Flanigan has been elected a director of Belding Heminway Co., Inc., manufacturer of silk yarn silk, cotton, nylon and synthetic threads, and rayon fabrics it has been announced. Mr. Flanigan, a Vice-President of Dillon, Reed & Co., Inc., is also a director of the Adolphus Busch Estate, Inc.

Peter M. Flanigan

Joins Keller Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Mitchell P. Tock has become affiliated with Keller Brothers Securities Co., Zero Court Street.

Lerner Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William J. Hudson, Jr. has joined the staff of Lerner & Co., 10 Post Office Square.

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul E. Wagner has become affiliated with Renyx, Field & Co., Inc.

With Tucker Anthony

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph G. Mudarri is now connected with Tucker, Anthony & Co., 74 State Street.

First of Michigan Adds

(Special to THE FINANCIAL CHRONICLE)

Detroit, Mich.—G. J. Lafferty, Sr. has been added to the staff of First of Michigan Corporation, Buhl Building, members of the Detroit and Midwest Stock Exchanges.

Economic Growth Without Inflation

By C. CANBY BALDERSTON*

Member, Board of Governors, Federal Reserve System

After discussing forces destined to support the future expansion of business, Mr. Balderston points out the problem of insuring growth without inflation involves a correct and precise appraisal of the future rate of expansion that the economy can sustain. Adds, to keep excessive optimism and ebullience in leash requires shrewd judgment, and bankers share in the responsibility of this job. Stresses maintaining a high quality of credit as an inflation curb.

The long future of our economy is one of great promise. Fortunately, the good business being enjoyed on this side of the ocean has its counterpart abroad. European production, at an all-time high, has helped this nation emerge from last year's recession.

C. Canby Balderston

My analysis, however, is directed to the problems of this country alone. It has to do with the underlying factors that favor its industrial growth and expansion, with recently developed financial mechanisms, and with the avoidance of inflationary pitfalls that would endanger steady growth.

Among the forces destined to support the future expansion of business might be mentioned the high rates of population increase and of techno'ogical development. I will not discuss the former except to remark that in the first half of the 1960's the estimated average annual increase in the total labor force will be nearly 1,200 thousand as against 700 thousand each year during the first half of the current decade.

The rate of technological advance is so rapid that recent inventions would have staggered the imagination of either Leonardo da Vinci or Benjamin Franklin. Had da Vinci, when he sketched a flying machine nearly two and one-half centuries ago, been gifted with ability to peer into the future, he could scarcely have convinced himself that the pilot of a 1955 plane would be able to travel faster than the speed of sound for a period long enough to encircle the earth, and have his cabin illuminated by a glass bulb while he talked with the ground and with surrounding planes. Nor could he have brought himself to believe that the pilot could peer through fog at objects on the ground, while those who were earth-bound and being observed from above could themselves watch a football game being played a continent away. This man was sketching a flying machine at about the time Columbus, with no less imagination, was exploring the unknown.

Technological Changes

These changes have come with such rapidity as to make obsolescence a pervasive phenomenon. A Los Angeles nursery school teacher reports that when a four-year-old asked what a radio was, she found herself explaining it as television without a picture. But obsolescence is merely the price—the welcome price—of the rapidity of technical advance. If General Electric were to produce jet engines without carbide cutting tools, it would need five times the factory and machine capacity and five times the labor force. These tools not only outlast the toughest high-speed steel by as much as 100 to 1, but they save two-thirds of the man hours once expended by cutting at five to six times the rate. Already one type of production involved in making shells bids fair to be replaced by the extrusion method developed by the Heintz Manufacturing Company from an idea originated by German scientists.

It is only 25 years since the first carbide tipped tools were shipped by the General Electric Co. on a trial basis. If we turn from carbide steels to the steels cut by them, the technical advance is illustrated by what the design, weight, and construction of a present day automobile or plane would be if we were limited to the steels of only a few decades ago. Neither could we reach the oil now being pumped from deep wells, nor take care of the high temperatures and corrosive conditions to be found in oil refining and chemical manufacturing.

One chemical company, Carbide and Carbon, makes more than 350 different chemical products commercially. The farmer has new conditioners for his soil, disinfectants for his seed and spray materials for his orchard. His wife dresses herself in artificial fibers that satisfy her taste and gratify her vanity, even though they bring harder times to the wives of other farmers dependent on wool and cotton.

In fact the evidences of this great advance surround us in such profusion as to make our children blase, and to dull their capacity to wonder. The reproductions at Williamsburg and Sturbridge of the facilities of the "good old days" drive home, even to the unimaginative, the sharp contrast in modes of living then and now. Not only has refrigeration displaced the icebox, and made obsolete the once familiar stories of the iceman, but lessened dependence upon the herb garden as well. To present fresh examples of the results of technical research, such as antibiotics, a submarine powered by atomic energy, or isotopes released by atomic fission, seems to relegate to a past era equally amazing developments, which I grew up without, and which are really very, very new: radio, radar, sulfa drugs, color television, and electric computers. We are just beginning to get the news of the adoption of such computers by a few companies, including General Electric, Metropolitan Life, and John Hancock, for use on payroll, cost, and other computations.

Finance Uses Mechanical Devices

If we turn to finance, its modernization is not confined to the introduction of mechanical devices. The field has seen great strides in the direction of financial stability. Witness the apparent strength and resilience of our financial structure to withstand shocks, whether inflationary or deflationary. Much of it depends upon our central banking system.

The main purpose of the central banking mechanism, the Federal Reserve System, is to help provide enough credit and money to foster a high utilization of the nation's physical resources, technical skills, and manpower without inducing inflation. It is toward this goal that Federal Reserve policy is directed. Maintenance of the right amount of credit and money at a given time for given conditions is at the very heart of the central banking problem. It is a task that requires constant observation of the intricate money market mechanism and frequent—often daily—adjustments. It is not one that can be conducted on the basis of rigid, mechanistic rules, but involves questions of judgment. The requisite procedures and bases for decision are continually being studied and improved.

In addition, the funds of most depositors in commercial and savings banks, and of shareholders in savings and loan associations are protected by Federal insurance; stock market credit is regulated; a Federal agency is charged with the responsibility for protecting the interests of the private investor in the securities markets; and the emergency needs of the commercial banks for cash can be met by borrowings from the Federal Reserve.

Private financial mechanisms have also been introduced in recent decades that help promote financial stability and growth.

Growth in Direct Financing Of Consumers

The direct financing of consumers has grown greatly. It enables individuals with low and middle incomes to acquire automobiles and household appliances with more facility and at moderate cost. In the main, such credit has been extended on a sound basis with adequate down payments and monthly repayments within the means of the purchaser, and geared to cover the total cost well within the life of the article acquired.

Secondly, term lending to business concerns has been developed by commercial banks, life insurance companies, and other institutional lenders. Such lending has tended to adjust the amount and character of the credit to the specific purpose of the borrowing, and to schedule its repayment over the earning life of the facility acquired. Commerical banks and commercial financing companies have provided additional higher-risk credit to business firms on the basis of accounts receivable, field warehouse receipts, and specific items of commercial and industrial equipment. This has aided small- and medium-sized firms as well as marginal borrowers.

These newer types of business financing have tended to place more intermediate- and long-term funds in the hands of credit-worthy businesses; they have tended to make funds available on terms not only satisfactory to the borrower, but sound for the lender and the general economy. In addition to these private financing techniques, public credit agencies have stood ready to make certain types of direct loans to farmers and to deserving small businesses to fill gaps in the supply of funds from private institutions.

Thirdly, more of home-mortgage financing has taken the form of long-term, amortized loans, instead of short-term, single-payment loans. This development has lessended the borrower's risk of an unexpected demand for repayment or failure to obtain renewal. Like term-lending to business, this form of mortgage financing also gears the repayment schedule to the ability of the borrower to meet his obligations out of income. Moreover, the guarantee of mortgages has facilitated the development of a national market through which capital-scarce areas can tap the funds of those areas with an abundance of savings.

Finally, in foreign financing, there is the recent resurgence of bankers' acceptances. A revival, in this country, of a market for bankers' acceptances, as active as that of the 'twenties, would facilitate international transactions. Furthermore, it would help establish the structure of day-to-day financial relationships required as underpinning for long-term international lending and borrowing.

The problem of insuring growth without inflation involves a correct appraisal of the future rate of expansion that the economy can sustain. This appraisal needs to be made with as much precision as prophecy of future happenings will permit. Inasmuch as forecasting involves some projection of present trends, the analysis of the latter must be approached with realism and objectivity.

Keep Excessive Optimism In Leash

But appraisal of the future is not enough. To keep excessive optimism or ebullience in leash requires prudent judgment, and is the over-riding obligation, not only of business executives and of labor leaders, but particularly of bankers. The latter have unusual opportunities to secure an overall view of the economic scene and possess exceptional experience and skill in dealing with risks.

In past generations, many forward movements that appeared to be solidly based were injured or destroyed by lack of sufficient caution and judgment to curb over-expansion and over-borrowing. What I am suggesting is that many of the great financial crises which have become part of our business tradition were the unhappy result of speculative excesses and a too exuberant granting and use of credit. Although many of these forward movements were soundly conceived and financed in their beginnings, they fell into difficulty later because of lack of prudence. It is superfluous to cite the historic cases of the bulbs of Holland, or the Mississippi bubble, or the railroad boom that preceded 1893, because many of you are old enough to have personal recollections of more recent crises. There was the Florida land boom ending in 1926, and the overborrowing abroad that spoiled our foreign lending between the two world wars, even though sound arrangements had been worked out initially between responsible governments and responsible banking houses. There was the stock market boom that was ballooned skyward by billions of dollars of credit until its sudden return to earth after October 1929. There were the difficulties encountered by the plan to merchandise mortgages during the 1920's. The latter illustrates how a scheme calculated to meet a definite need (and which would have contributed to the financial advancement of its time) was spoiled by a too-liberal appraisal of real estate values, and by the lack of appropriate amortization.

And so, in our current striving to provide healthy and continuing growth without inflation, we might ponder such questions as the following:

Is the quality of credit satisfactory in all areas of current expansion? Is the current rapid expansion of mortgage credit sustainable and sound? What will be its ultimate effect upon existing real estate values and the underlying debt? Is the extension of the principle of government guarantees in the mortgage area likely to pose for the Government future problems of real estate disposal? Is the public interest served when credit is granted to augment large personal corporate empires? Did the growth of credit, other than that readily identifiable as security loans to brokers, dealers, and others contribute to the recent rapid rise in stock prices?

My concern about questions like these arises out of the more basic question: How can we provide for continuing and healthy growth in the economy without inflation? The need for expansion of credit and money in a growing economy is obvious and needs no argument. There are many examples in history, however, and not too ancient history at that, to show how excessive and unsound credit expansion can thwart the development of a progressive economy. It is our common responsibility to employ such caution as will counteract wishful enthusiasms and permit the full flowering of an economy so rich in promise and in hope. A period of expansion offers generous rewards for courage and hard work, but of all phases of the business cycle it calls most loudly for the exercise of prudent judgment.

*An address by Governor Balderston before the Annual Meeting of Group Two, the Pennsylvania Bankers Association, Feb. 12, 1955.

E. C. Henshaw to Be Hooker & Fay Partner

SAN FRANCISCO, Calif. — On March 3rd Edward C. Henshaw will become a partner in Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Henshaw was formerly a partner in William R. Staats & Co. and prior thereto for many years was Vice-President of Brush, Slocumb & Co.

Edward C. Henshaw

With Goffe & Carkener

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Winfield W. Lindley has become connected with Goffe & Carkener, Inc., Board of Trade Building, members of the Midwest Stock Exchange.

Joins A. G. Edwards Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Lawrence C. Wickliffe is now with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George J. Muellerschoen has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dorothy V. Nowlin has joined the staff of King Merritt & Co., Inc., 1151 South Broadway.

Joins Sutro Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Albert L. McCormick is now affiliated with Sutro & Co., Van Nuys Building. He was previously with California Investors.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Thomas M. Thiel has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 575 East Green Street.

Mitchum, Jones Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William H. Reimers has joined the staff of Mitchum, Jones & Templeton, 650 South Spring Street.

The SEC and the Mining Industry

By RALPH H. DEMMLER*
Chairman, Securities and Exchange Commission

Chairman Demmler, commenting on the SEC acts relating to the mining industry, indicates that neither business generally nor the mining business in particular has been stopped by the Securities Laws from raising capital. Discusses "disclosure" requirements as applied to mining companies.

From the effective date of the Securities Act to the close of 1954, mining companies, other than coal, have made over 3,600 offerings, totaling in excess of $900 million. Over 400 registration statements of mining companies (exclusive of coal mining companies) became effective in respect of approximately $450 million of securities. Of this amount, approximately $241 million is represented by offerings made by more than 375 mining companies in the exploratory or developmental stage. Exempt offerings of mining companies—that is, offerings aggregating $300,000 or less made pursuant to our Regulation A—have since the inception of the Act aggregated approximately $293 million. This involved about 2,850 separate offerings and were virtually all by companies in the exploratory stage.

Ralph H. Demmler

We do not believe that our requirement that an offering circular be distributed to investors by companies in the case of offerings of $300,000 or less has deterred offerings by exploratory mining ventures. The obligation to issue an offering circular to investors was adopted in 1953, after first receiving broad public comment, including comment from those interested in mining. During that year there were 127 mining offerings with the aggregate offering prices of issues of this character amounting to over $18 million. In the year 1954 there were 337 of such offerings with an aggregate offering price of more than $66 million. If one may judge by the staggering workload carried by our Denver Regional Office staff, the requirement of an offering circular is proving to be no great drawback to those interested in financing exploratory uranium or other mining companies. Last year 232 offerings under Regulation A, virtually all exploratory uranium projects, were made in that office with an aggregate proposed offering price of approximately $52 million.

These statistics have significance because they show that neither business generally nor the mining business in particular has been stopped by the securities laws from raising capital. Consequently, the question is one of administration.

The Commissioners are under a sworn duty to administer a group of laws which are both strict and technical. We are vested by the law with the power and duty in many cases to prescribe rules and regulations required in the public interest or for the protection of investors. We must necessarily be hard bargainers. We are, after all, in many cases the representatives of the otherwise unrepresented public.

The Problem

The problem for our Commission is—as it always has been—how to provide administratively for the best assurance that the facts about a business are made available.

There are those who argue that the Commission should let the registrant file papers which it thinks follow the rules and forms, sell on the basis of the papers filed and assume responsibility, penal and civil, under the liability provisions of the Act.

Recall, if you will, however, the statutory power of the Commission to suspend effectiveness by stop-order proceedings or to seek injunctions. It is impossible to reason honestly that such a power does not create a corresponding duty on the Commission to look at each registration statement or offering circular to determine whether on its face it shows deficiencies. For a Commission to take any other attitude would be abandonment of its duty.

Now, if our staff looks at a registration statement and finds something which is not in conformity with the legal requirements or which appears on its face to be a misrepresentation or a half truth, what should we do—should we lie in wait and surprise the issuer by a stop-order proceeding or by an injunction? If any such practice were introduced, I am sure the roof would fall in.

The Commission's long established practice, as you know, is to advise the issuer informally of deficiencies and to give the opportunity to amend so as to avoid the necessity of formal proceedings.

The letter of comment advising the issuer of deficiencies is sent after an examination of the registration statement or offering circular by members of the staff, including a securities analyst, an accountant, an attorney, and in some cases an engineer.

While the complaint is made that the staff sometimes compels issuers to say things that drive buyers of securities away, I submit that the staff is justified in warning registrants in those instances where it considers that the statutory standards of fair and adequate disclosure are not met.

Differences of Opinion

It must be recognized that it is impossible to formulate for every business situation exact standards as to what are the material facts necessary to the making of an investment decision. Consequently, there are bound to be differences of opinion. Let us not deceive ourselves into thinking that any statute requiring fair and adequate disclosure can be administered without differences between the Commission and registrants. Those of you who work on registration statements and offering circulars know how many arguments take place among the authors of the statement before it is filed.

While in the heat of discussion of disputed positions, registrants may from time to time say harsh things and think harsh things. I think it fair to say that the comments of the Division have frequently resulted in eliminating material which, if included, might have furnished ground for the successful assertion of civil and possibly criminal liability.

Of course, I don't need to tell you that the Commission and its staff have no mystic omniscience by which they determine that the statements in a registration statement are true. The ultimate responsibility both for the facts and the figures is that of the registrant.

The fact that a registration statement has become effective or an exempt offering under Regulation A is permitted does not constitute a guarantee of the accuracy or completeness of the disclosure or an approval by the Commission of the merits of the issue. We do not know all the facts. We do not usually make field investigations of the properties of mining companies. As a consequence, our examination of registration statements and offering circulars gives no sanction to the accuracy and completeness of the disclosure made. In fact, the Act makes it unlawful for anyone to represent or imply that the Commission has approved or passed upon the merits of any security, or that the Commission has found that the registration statement is true and accurate on its face, or that it does not contain an untrue statement of fact or omit to state a fact. I cannot emphasize this too strongly. Again I say, the ultimate responsibility for the truth of the statements made, whether in prospectus or offering circular, must in the nature of things be the responsibility of those who make the statements.

SEC Requirements and Mining Companies

Our disclosure requirements for mining securities have evolved from experience and they vary with the stage of development of the company. Going mining companies are sufficiently akin to most industrial companies that our general forms are suitable for their use. The main requirements here are, in addition to financial statements, a summary of its earnings for the last five years, a description of its business and of the securities to be offered, and of the use to which the proceeds of the securities are to be put and information concerning the management's remuneration and stockholdings. Disclosure is required as to ore production. They must also disclose the estimated tonnage and grade of their ore reserves. These requirements are not restricted to mining companies; it is true of all extractive industries including oil and gas which are actually in production and possess a record of earnings. This information in our judgment is indispensable to an evaluation of the investment value of a going extractive industry company.

Manifestly, estimates of reserves in order not to be misleading must be made on the basis of recognized engineering principles, including appropriate sampling and other testing procedures. The instructions in our registration forms as to reserves are in accordance with generally accepted engineering usage. In fact, our definitions of "proven ore" and "probable ore" and our requirement that reserve estimates be restricted to these types of ore bodies is in strict accordance to the views of a distinguished mining engineer, named Herbert C. Hoover, whose "Principles of Mining" published in 1909 is still a classic in its field. We maintain professional mining engineers upon our staff both in Washington and in our appropriate regional offices here in Denver and in Seattle. If need be they consult with other government agencies such as the Bureau of Mines, U. S. Geological Survey, the Atomic Energy Commission and the Defense Minerals Exploration Administration. Our engineers are available for consultation with company representatives at any time.

If reserve estimates are made or reserves are claimed by companies in their registration statement or offering circular, underlying data and maps, including sample-assay results, drill data, and other material information called for by our forms are required or requested for use of our technical staff so that they will have some basis for review of the reasonableness of the estimates.

Companies in the exploratory or development stage range from companies owning claims without known ore bodies to companies which have reserves but have as yet no period of profitable exploitation. The following areas of information are of prime importance to an investment analysis of these types of companies: The property, the management, the exploratory or development program, including the use to which funds collected from investors will be put, the promotional features of the deal and the costs of distribution and underwriting.

In the case of the purely exploratory company, experience indicates that $300,000 can accomplish considerable exploration. Therefore the great bulk of these companies utilize the exempt offering privilege afforded them by Regulation A. Manifestly, if a company without knowledge of ore occurrence in commercial quantity on its property seeks funds not only for exploration, but also for development and construction of a mill or other operating facilities, the necessity for the clearest disclosure of the nature of such proposals is apparent. For companies in an exploratory stage only, we simply require a description of the property, its location and other data of material importance, plus information as to the promoters, management and their transactions with the company. Financial statements consist solely of a statement of assets and liabilities, a statement of the sums received by the company from any and all sources and a breakdown in detail of the expenditures made by the company. The purpose of these financial statements is largely to indicate the cash consideration paid for the property, particularly to insiders, and the extent to which funds have been used for exploration of the property as against the extent to which they have been used for other purposes such as payments to promoters and insiders. In the case of Regulation A offerings, the financial statements need not be certified by independent accountants but can be made on the responsibility of the company and its promoters. For purely exploratory companies it is apparent that there should be a clear cut statement that there are no known ore deposits. No maps, geological reports or other data are generally required. However, the use of such maps and reports is not prohibited providing they are not misleading. Where such material is used, it is reasonable to expect our professional staff to examine it with the view to determining whether they support the representations made.

It is not unusual for an exploratory company to make reference in its offering circular to producing mines in the vicinity of its own property. There can be no objection to this provided the reference to such mines is qualified with the information necessary to make the reference not misleading. Ordinarily, any such reference should be supplemented with information as to the approximate distance between the properties. If no representation is intended that the ore body being worked at the producing mine extends into the exploratory company's property or that any other important geological relationship has been established between the properties, this should be made clear. Other facts that may require disclosure are those known to the issuer concerning the size and profitability of the operations at the producing mine. If these are unknown such facts should be stated. Where a company's property has been acquired without the benefit of any previous geological investigation it is of importance to advise investors of this fact.

Of vital importance also is information concerning the promoters and their contributions to the enterprise. Here we seek to get into the prospectus or offering circular a short but clear story of the circumstances surrounding the promotion of a new company. This portrayal is essential to enable investors to determine the basic purpose of the promoters. The Act does not authorize the Commission to prescribe what promoters shall take for their efforts. The limitation upon the promoter's rewards, insofar as the Act is concerned, is that no false statement be made in regard thereto. But we do require that both the nature of the promoter's contribution and his compensation for it should be set forth clearly and not buried. The promoter's services may be worth much or nothing to the corporation. The potential investor must determine that question for himself but he should have the facts before him.

These are our fundamental reasons for our requirement that the actual dollar cost of claims transferred to the enterprise by promoters be shown so that the investor may determine the relative contributions being made by such promoters and himself. If claims acquired by the company, in consideration of shares of stock are without demonstrable value beyond their cost to the promoters, our financial statement requirements for exploratory companies (whether their securities are registered or offered pursuant to Regulation A) prohibit the placing of dollar values upon such claims. In these cases a statement is set forth that the claims have been acquired for a specified number of shares. This eliminates any pretense of phenomenal value measured by the par value of the shares issued for claims not known to have ore occurrences or any present assurance of production.

In addition the existence of options to purchase stock in the hands of promoters and underwriters must be described and their possible diluting effects upon the investors' participation in future earnings and assets should be clearly disclosed to the investor.

Other emoluments of promoters should also be portrayed. For example, if they own or have an interest in properties adjoining the claims of the company, there should be a disclosure of such fact, if by such proximity the exploration or other work done upon the property of the company increases the value of the property owned by insiders without the risking of any funds on their part.

Let me discuss briefly the information required as to the use of proceeds and the size of underwriting commissions. If the detailed breakdown of the intended use of the proceeds is given, the extent to which officers, directors and promoters will benefit by payments to them out of the proceeds of the public offering is made evident. Conversely, the extent to which the funds paid in by investors will be put to work in exploration and development will be clearly indicated. The investor can then determine for himself the primary motivations for the financing.

The public comments on the financing of uranium companies in magazines, periodicals, lunch table conversations, and street talk reflect almost universal agreement on two things:

(1) Those who seek capital for such enterprises should give the people the facts.

(2) Those who invest their money in such enterprises should find out the facts.

The Securities Act of 1933 in effect says the same thing. You and we have a common job to do our part in seeing to it that the investor have the facts available. Only in that way can his confidence be retained. And on that confidence depends the prospects of your industry.

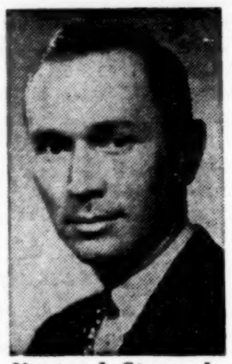
*An address by Chairman Demmler before the National Western Mining Conference, Denver, Col., Feb. 3, 1955.

The Financial Future Of Atomic Energy

By NEWTON I. STEERS, JR.*
President, Atomic Development Mutual Fund, Inc.

Mr. Steers discusses what he terms the "phenomenal" advance in the public's view of the financial future of atomic energy. Says the question whether atomic stock prices are too high is to be determined by whether future earnings will sufficiently increase in a short enough time to justify purchase at present prices. Foresees a billion dollar private industry by 1956.

When I appeared before this committee on May 11, 1954, we were about five months old, and assets of our Fund were about $1¼ million. We are now a little over a year old, and assets are in excess of $15 million. This growth constitutes a record in the branch of the securities business known as the mutual fund industry.



Newton I. Steers, Jr.

This rapid growth, which others have called even phenomenal, is of particular significance because it reflects the public's view of the financial future of atomic energy. Our fund has been presented as a vehicle for capital appreciation and not for income. The investing public evidently agrees with us that atomic stocks have a greater growth potential than any other group of stocks which could be assembled.

Some people feel that the public's enthusiasm has bid prices up beyond what earnings can support, that atomic prices are too high. The commonly used ratio of price to earnings is, as a result, abnormally high, when based on present earnings. The question, of course, is whether future earnings will sufficiently increase in a short enough time to justify purchase at present prices. That is to say, whether increased future earnings will cause prices to rise over present levels by a sufficient amount, and soon enough, to provide justification for present purchase.

It is, of course, true that atomic stock prices cannot be expected forever to remain abnormally high relative to earnings. On the other hand, they may be expected to remain high in relation to other stock prices as long as the atomic industry is expected to grow more rapidly than other industries and, hence, permit higher earnings by the companies engaged in it than by other companies not so engaged. And particularly is this so if the rate of growth of the industry is itself growing. For those of you with a mathematical background, atomic stock prices may be said to be a more direct function of the first, or even the second derivative of earnings than of earnings themselves. To hold otherwise is to imply that prices cannot, or at least will not, rise until potential earnings have actually been realized. Those who hold to such a notion will inevitably find themselves lagging behind persons more willing to act on, not earnings, but prognostications of earnings; lagging behind, and buying at higher prices instead of selling at higher prices; lagging behind and, in effect, paying capital gains to earlier worms.

We must not forget, of course, that a company which enters a new field and derives the benefits of extraordinary growth is not benefiting itself alone. It benefits its customers — the public. Economically speaking, the leaders of such a company have achieved a more efficient allocation of resources. Those who finance such a shift in resource allocation also contribute to the public benefit, as do those members of the public who, by their investment, release the money controlled by the primary sources of new capital for use on the next round.

An Appraisal of the Growing Industry

But still, say more sophisticated critics, let us concede that atomic stock prices will naturally be higher in relation to earnings than other classes of stocks. But what if they are too high, even on that basis? The answer to this question involves an attempt to appraise how rapidly the atomic industry is now growing, and how rapidly that **rate of growth** is itself growing.

Such an appraisal is made more difficult by the concealment, most of it no doubt necessary for security reasons, of many of the key figures. The problem is further complicated by the fact that many "atomic" companies are in other fields as well and the extent of their atomic involvement is not always easy to estimate. Nevertheless, let us outline the various segments of the private atomic energy business and infer as much as we can as to its all-important growth. In Table I, **minimum** figures are given on the dollar size of various portions of the private atomic industry at the end of 1955. For comparison, the figures supplied this committee in May, 1954, are also given.

You will note that the figures in Table I are minimum figures. By this, I mean they represent minimums which can be supported with reasonable assurance, on the basis of the data available. Larger figures may, therefore, merely imply the release of additional data, rather than an increase in activity. Nevertheless, we must draw our inferences from the best figures available. Indeed, to ignore figures showing increase is in itself to draw the inference that there has been no increase.

Uranium

Mr. Jesse Johnson, AEC's Director of Raw Materials, stated a few months ago that the domestic uranium industry was at the $100 million mark annually, and that production should double within 18 months. (He also revealed that persons engaged in uranium mining had multiplied 8000% since 1948.) On this basis, the 200 million dollar mark should be reached about the end of 1955. We also know that two other areas are about as important as the U. S. These areas are Canada and the Belgian Congo. If one of these is less important now than the U. S., it may well be the other is more important. On this basis, we can arrive at a figure of 3 x $200 million, or $600 million. To be sure that this figure is truly a minimum we should remember that South African production is mounting rapidly and, by the end of 1955, may well cause that area to be one of the three leading areas. We know that 1954 production from South Africa was in excess of $25 million and was over five times that of 1953. Furthermore, our total figure is based on the inclusion of other minerals important to atomic energy, such as zirconium, beryllium, thorium, and lithium. The lithium industry in 1955 will be over $20 million, based on the expected sales of the two leading producers alone.

Radioactive Materials

Passing from uranium to radioactive materials and radiation instruments figures, we are dealing with smaller figures, but ones showing very rapid increases. Thus AEC figures show that radioisotope shipments have multiplied nearly five times in the last five years and the dollar volume of radiation instruments manufactured has increased more than five times to over $30 million. No one can foresee how large a market may develop for the class of radioactive materials which are left over after uranium fissions (fission products). Chairman Strauss has indicated that potatoes can be preserved for two years without freezing by irradiation with fission products and that this irradiation can be accomplished for ½¢ per lb. It appears that a figure of $40 million can be postulated for the end of 1955 to include materials artificially irradiated (radioisotopes), materials resulting from fission (fission products), and radiation instruments.

The last figure in Table I is $200 million for specialized equipment supply. There are various reasons for believing that the previous figure of $107 million must have about doubled. First of all, the $107 million figure was derived from a percentage of AEC purchasing, as between lumber, concrete, etc., which are not uniquely tied to atomic activity, and mechanical engineering equipment, electrical engineering equipment, and electronic equipment, etc., for which atomic energy has very pronounced implications. Since that time, there has been a decided shift away from construction expenditures toward expenditures for operation (e.g., operations were 41% of fiscal '54 expenditures, but 77% of fiscal '56 expenditures as budgeted). Operating expenditures are much less concerned with items like lumber and concrete. Further, the AEC has put increased emphasis on fixed price competitive bidding as its experience has accumulated. Operational expenditure again is much more susceptible to fixed price buying (on which the seller can make a profit). For these reasons, it appears reasonable to believe that the portion of the $2 billion annual expenditure budgeted for the AEC which will be bought on a basis allowing a profit (excluding items included previously) will be at least $200 million.

A Billion Dollar Private Industry

In addition to the figures above totalling $840 million, there are many additional millions which are subject to profit making. One increment results from the large and growing business of treating uranium oxide to produce uranium metal and uranium salts. Another increment results from non-governmental expenditures for research reactors which now run to several millions annually. In addition, it is known that the Navy has budgeted funds for at least five atomic submarines in addition to the "Nautilus," and some of the reactor portion of these submarines will be bought on a basis allowing profit to the seller. If a billion dollar private atomic industry is not here by the end of 1955, it certainly should be here by the end of 1956. It may well be here now.

Let us see how atomic companies have fared, without implying that they have so fared solely because of their atomic activity. In Table II figures are given on companies which our company has given greatest emphasis to. It should be noted that these were not selected as the stocks undergoing the greatest appreciation, i.e., with the advantages of hindsight.

In Table III more inclusive figures are given. These cover some 75 companies in the fields indicated and were computed as of October of 1954. Yields and price-earnings ratios vary widely as might be expected from the varying degree to which the companies involved are expected to benefit from atomic growth and from the varying periods of time before these companies will feel the impact of atomic growth.

It appears evident that very substantial financing of the atomic industry will be necessary in coming years. The usual sources of new capital will undoubtedly be made available as the situation further crystallizes and intermediate obstacles are overcome. In the meantime, the public has demonstrated its faith in the future of the atom. Both large and small investors have shown their willingness to back up the new capital sources with the huge amount of liquid savings they hold throughout this nation.

Great emphasis should continue to be put on government-sponsored technical development. However, as this development proceeds, and we may hope accelerates, the procedure to allow private industry to apply its energy and ingenuity must also be developed. Passage of the act and the newly-established market for plutonium and U-233 are important milestones. The advance of the varigated atomic frontier will be proportional to the incentives stimulating that advance. The uranium industry has shown how private enterprise can perform an atomic job when it is allowed to. Subject always to the paramount controls necessary to the national security, the uranium industry should serve as a model for the other phases of the atomic industry. In this fashion, the infant giant will mature most rapidly and in a manner consonant with the American tradition of freedom. The fundamental basis for free enterprise in the atomic arena is simply that the cost to the American public of atomic profits will pale into insignificance when compared with the savings to the American people which will arise from the energizing effect of these same profits.

TABLE I

	May, 1954	Rate by End of 1955
Uranium and other atomic minerals	325	600
Radioisotopes and radiation instruments	27	40
Specialized equipment supply	107	200
	459	840

TABLE II

Capital Appreciation of Selected Atomic Companies

	1953 Low	1953 High	Feb. 3, 1955 Price	% Increase Over 1953 High
Climax Molybdenum	33	43	62½	45%
Vanadium Corporation	15	23	37⅛	61
Gunnar Mines	2.25	13.75	14	2
Foote Mineral	11	15⅓	48½	220
Lindsay Chemical	15	19	44⅞	135
Lithium Corporation	3⅝	6¼	29½	372
Homestake Mining	33	41	43½	6
Beckman Instruments	11	17	24	41
Consolidated Engineering	11	15	28½	90
General Dynamics	31	47	100⅛	111
Union Carbide	61	75	83	11
Vitro Corporation	5¾	7⅞	19¼	144
Westinghouse Electric	39	52	79⅛	52
Average	--	--	--	99%
Dow-Jones Industrial Average	255	294	406	38

TABLE III

Price-Earnings Ratios and Yields of Atomic Companies

	Price-Earnings Ratio	Average Yield
Raw Materials:		
Uranium Mining—U. S.	14.1	4.3%
Uranium Mining—Canada	--	--
Uranium Mining—Africa	19.5	4.8
Uranium Processing	20.0	2.6
By-Product Uranium	15.7	4.0
Lithium, Thorium, Zirconium, Beryllium	30.9	2.2
Radioactive Materials and Radiation Instruments	37.5	0.9
Suppliers of Special Equipment	9.3	5.0
Atomic Energy Commission Contractors	17.0	3.3
Application of Atomic Power	10.7	6.0
Diversified Atomic Activities	24.6	2.3

*A statement by Mr. Steers before the Joint Committee on Atomic Energy, Washington, D. C., Feb. 8, 1955.

H. Russell Hastings With Baxter, Williams

H. Russell Hastings

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — H. Russell Hastings has become associated with Baxter, Williams & Co., Penobscot Building. Mr. Hastings, who has been in the investment business in Detroit for many years, was previously a partner in S. R. Livingstone, Crouse & Co.

Joins Beyer Rueffel

(Special to THE FINANCIAL CHRONICLE)

DAVENPORT, Iowa — Russell W. Meyer is with Beyer-Rueffel & Co., Kahl Building.

Ralph Gardner Opens

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky. — Ralph L. Gardner has opened offices at 1737 Liberty Road to engage in the securities business. Mr. Gardner was formerly with Westheimer & Co. in Cincinnati.

Chas. A. Day Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert W. Main has been added to the staff of Charles A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

Investors Planning Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—William H. O'Connell and Holley M. Sheperd have been added to the staff of Investors Planning Corp. of New England, Inc., 68 Devonshire St.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Letters notifying the shareholders of the **Chase National Bank** and the **Bank of the Manhattan Company**, both of **New York City**, of the special meetings to be held on March 28 to vote on the proposed merger of the two institutions were mailed on Feb. 17. Chase shareholders as indicated in our issue of Feb. 17, page 810, will hold their meeting March 28 at 11 a.m. at 18 Pine Street, and the Manhattan shareholders' meeting will take place at 40 Wall Street at 3 p.m. Proxy forms and a circular outlining the plan of merger were enclosed with the letters. Registered mail is being used for delivery to the Chase shareholders, in accordance with a provision of the laws applicable to national banks. Approval by two-thirds of the shares of each bank, as well as approval by the appropriate banking authorities, is required to make the merger effective. The name of the merged institution will become **"The Chase Manhattan Bank,"** and it will operate under the New York State charter issued in 1799 to the **Bank of the Manhattan Company.**

With the consummation of the merger the capital stock of the merged bank will aggregate 12,000,000 shares of $12.50 par value. Upon the merger becoming effective each of the 7,400,000 outstanding shares of Chase will be converted into 1¼ shares of **Chase Manhattan**, a total of 9,250,000 shares. The holders of the 2,750,000 presently outstanding shares of **Manhattan** will continue to hold the same number of shares, but with the par value increased from $10 to $12.50 per share. **Chase** holders of fractional shares may buy or sell fractions so as to hold full shares without transfer tax or service charges, they are being informed by the bank.

In the Chase National Bank circular to the stockholders on Feb. 17, it is stated—

Of the 25 persons who will constitute the first Board of Directors of **Chase Manhattan**, 15 are members of the present Board of Directors of your Bank and 10 are members of the present Board of Directors of **Manhattan**. The names of these Directors appear in the enclosed Plan of Merger. John J. McCloy, now Chairman of the Board of your Bank, will become the Chairman of the Board of Chase Manhattan, and J. Stewart Baker, now Chairman of the Board of Manhattan, will become Chairman of the Executive Committee and President of Chase Manhattan. Percy J. Ebbott, now President of your Bank, and Graham B. Blaine, now Vice-Chairman of the Board of Manhattan, will become Vice-Chairmen of the Board of Chase Manhattan. Edward L. Love, George Champion and David Rockefeller who are now Senior Vice-Presidents of Chase, and Lawrence C. Marshall who is now President of Manhattan, will become Executive Vice-Presidents of Chase Manhattan.

The letters advising the stockholders of the two banks of the stockholders' meetings say:

It is expected that the other members of the present Chase and Manhattan boards will be invited to serve on special boards and committees of the combined institution. Among these are the Board of Directors of **The Chase Bank**, the existing Edge Act subsidiary of the **Chase National Bank**, the activities of which are being expanded, and a reorganized trust department advisory board, the responsibilities of which will be to concentrate its attention on the combined trust business of the merged bank.

References to the proposed "Chase Manhattan Bank" merger appeared in our issues of Jan. 20, page 273, and Feb. 17, page 810.

* * *

The appointment of Charles F. French, Jr., as a Vice-President of **Manufacturers Trust Company of New York** was announced on Feb. 21 by Horace C. Flanigan, President of the trust company. Mr. French joined Manufacturers Trust in September, 1939, after graduating from Duke University. He was advanced to Assistant Secretary in April, 1950, and Assistant Vice-President in September, 1952. He is in charge of the bank's Central Credit Department and is Supervisor of its Executive Training Program. Mr. French is Treasurer of the New York Chapter of Robert Morris Associates and is a member of the Board of Governors of the American Institute of Banking.

* * *

S. Sloan Colt, President of the **Bankers Trust Company**, and E. Chester Gersten, President of the **Public National Bank and Trust Company**, both of New York, made the following statement on Feb. 15:

"We have been discussing the merits of merging our two institutions. These discussions are on the basis of one and one-eighth shares of Bankers Trust Company for each share of Public National Bank. Such a proposal, of course, is subject to the approval of our Boards of Directors, our shareholders and the regulatory authorities. All officers and personnel of both institutions will be retained in the combined organization, which will continue to use the name **Bankers Trust Company.**"

Mr. Colt also stated that the Board of Directors of Bankers Trust Company at its meeting on Feb. 15 declared a dividend of 65 cents a share on Bankers Trust Company stock, payable April 15 to stockholders of record March 23, indicating an increase in the annual rate from $2.40 per share to $2.60 per share.

Later advices, Feb. 18, by the Bankers Trust Co. said:

"Since the public announcement of the proposed merger of **Bankers Trust Company** and **The Public National Bank and Trust Company**, various inquiries have been directed to the managements of both institutions. This has led to the following joint announcement by S. Sloan Colt, President of Bankers Trust Company, and E. Chester Gersten, President of The Public National Bank and Trust Company:

"When the proposed merger of our institutions, under the name of Bankers Trust Company, becomes effective, it is expected that E. Chester Gersten, President of The Public National Bank and Trust Company, will become a director and an Executive Vice-President of the merged bank, and a member of its senior management group. Henry L. Moses of the firm of Moses & Singer, who is now a director of The Public National Bank and Trust Company, is also expected to join the Board of Directors of the new institution."

Under date of Feb. 18 further advices by the Bankers Trust stated:

B. A. Tompkins and Francis S. Baer, both Senior Vice-Presidents of **Bankers Trust Company**, have been elected to the position of Executive Vice-President by the company's Board of Directors, it was announced yesterday (Feb. 17) by S. Sloan Colt, President.

Both men are directors, and together with Mr. Colt, and Alex H. Ardrey, Executive Vice-President, constitute the senior management group of Bankers Trust Company.

* * *

Albert C. Simmonds, Jr., President of **The Bank of New York,** at 48 Wall Street, **New York,** announced on Feb. 18 that the bank would hold an open house during the week of Feb. 21-25, with the exception of Washington's Birthday, in the old Fifth Avenue Bank building at 44th Street and Fifth Avenue. This week-long open house will feature an exhibition of old prints of Fifth Avenue and New York, along with other memorabilia of the period. Also on display will be a photograph and scale model of the new Bank of New York building to be constructed and owned by the Metropolitan Life Insurance Company. The building will occupy the entire block front on the west side of Fifth Avenue between 44th and 45th Streets, encompassing the bank's present site. The bank's Fifth Avenue office will open in its temporary quarters at 513 Fifth Avenue on the southeast corner of 43rd Street on Feb. 28.

The Fifth Avenue Bank was founded in 1875, having its first home in the Sherwood House, an apartment hotel on the northeast corner of Fifth Avenue and 44th Street. In 1890, the Bank moved across the Avenue into the John B. Cornell mansion. Mr. Cornell had been one of the founders. To the Cornell mansion were later added two adjacent residences and it is these three brownstones which the bank has occupied for 65 years. A. S. Frissell, Cashier at the time of the bank's founding and its President for 31 years, was largely responsible for the bank's traditions of personal service and its phenomenal growth. In 1948 the Fifth Avenue Bank merged with the **Bank of New York,** New York's oldest bank, having been founded in 1784 by Alexander Hamilton.

The new building will occupy a ground area of 27,500 square feet, all of which was recently sold to the Metropolitan Life Insurance Company by The Bank of New York. Construction plans call for 25 stories totalling approximately 400,000 square feet and air conditioned throughout. The bank's special quarters will be located on the south corner, as at present. The architects for the new building are Voorhees, Walker, Smith & Smith. A brief history of the Fifth Avenue Bank has been issued by the bank under the title of "A Window on the Avenue."

* * *

The National City Bank of New York announced on Feb. 23, that H. A. Yoars, a Vice-President of **The Equitable Life Assurance Society** since 1944, is joining the Bank as of March 16, to become the head of its newly formed **Real Estate and Mortgage Loan Department.** The bank's action in consolidating this type of lending in this department represents a further step in industry specialization on the part of National City. The new Department will become a part of the Special Industries Group, which was established in January 1954, to comprise its Petroleum, Public Utilities, and Transportation Departments which were formed at that time. These departments are staffed by specialists who devote themselves exclusively to business in their respective industries.

* * *

S. Sloan Colt, President of **Bankers Trust Company, of New York** announced on Feb. 23, the election of three members of the staff to the position of Vice-President. They are Herbert C. Burrowes, Carl M. Mueller and Everett Orr, Jr. Each of them had been Assistant Vice-President. Mr. Burrowes began his career with Bankers Trust in 1927. He is a member of the staff of Personnel Administration Department and will continue in his present assignment. Mr. Mueller joined the staff of Bankers Trust Co. in 1946. He will head the bank's Petroleum Group in the Banking Department. Mr. Orr came to Bankers Trust following graduation in 1934 and will be associated with Mr. Mueller in the Petroleum Group.

* * *

The "Quarter Century Club" of **The Dime Savings Bank of Brooklyn, N. Y.** held its sixth annual dinner meeting Tuesday afternoon, Feb. 15, at the Hotel Granada, Brooklyn. Fifty-seven men and women, including twenty pensioned employees who have 25 years or more of service with "The Dime" comprise the membership. The following were accepted as new members at this meeting: Augusta Boettger, Eldred H. Daggett, Howard B. Lee, Karl A. Stad, Leo B. Stein, Sarah Smith, Ernest Taylor, Fred W. Jackson II, Clarence Foulkes, Paul Dodge, Martin Conneely, Edward Wanamaker, Warren Teller and Frank Foster. Newly elected officers for the coming year are: Charles Stephenson, President; Clinton L. Miller, Vice-President; Carmine Anzalone, Secretary; George W. Stewart, Treasurer.

* * *

The South Bay National Bank of Center Moriches, Suffolk County, N. Y., was converted into the **South Bay Bank of Center Moriches** to take effect Feb. 1. Its capital as of that date is reported as $150,000; surplus as $244,483, and combined capital and surplus of $394,483.

* * *

A proposed consolidation of the **Nassau County Trust Company, Mineola, Long Island, N. Y.,** and the **Franklin National Bank of Franklin Square, Long Island,** was jointly announced on Feb. 17 by William F. Ploch and Arthur T. Roth, Presidents of their respective institutions. The Board of Directors of Nassau County Trust Company have voted to submit the proposal for consolidation to their shareholders for their approval. The consolidation is also subject to the signing of a formal agreement of consolidation, the approval of the Office of the Comptroller of the Currency, and the approval of the shareholders of both banks. If approved, the shareholders of Nassau County Trust Company will receive three and four-tenths shares of Franklin National Bank stock in exchange for each share of stock of Nassau County Trust Company. It is planned to make the consolidation effective on or about May 16, 1955.

The combined institution will have resources of over $360,000,000. The resources of Nassau County Trust Company are $30,000,000 and those of Franklin National Bank are $330,000,000, after giving effect to the pending consolidations with **First National Bank of Mineola, First National Bank of Glen Cove** and **Roslyn National Bank & Trust Company.**

The consolidated bank will have 18 offices. The Nassau County Trust Company has three offices located at Mineola, Sea Cliff and Roosevelt Field. These offices will continue to be operated as branches of the Franklin National Bank.

The consolidation agreement further provides for the continuation of employment of all officers and employees. The benefits of the Franklin National Bank Employee Profit Sharing Plan are to be made available to officers and employees of Nassau County Trust Company as well as the continuation of the benefits of the New York State Bankers Retirement System. William F. Ploch will continue in charge of the Nassau County Trust office at Mineola. He will become Chairman of the Trust Committee and Chairman of the Advisory Board. Mr. Ploch is Vice-President of the New York State Bankers Association. He was formerly a director of the Federal Reserve Bank of New York and was the first Chairman of the Nassau County Clearing House Association, in which capacity he served for a period of 11 years.

In our issue of Dec. 30, page 2769, reference was made to the consolidation of the **Nassau County National Bank of Rockville Centre** with the Franklin National Bank.

* * *

On Jan. 20 the capital of the **First National Bank in Highland Falls, New York,** became $200,000, having been enlarged from $100,000 following the declaration of a stock dividend of $100,000.

* * *

The consolidation is announced, as of Feb. 21, of the **Second National Bank** and the **State Street Trust Company** both of **Boston** under the title of the **Second Bank — State Street Trust Company.** The consolidated institution, it is announced, will have capital funds of $33,000,000, total deposits of $330,000,000, and total resources of $370,000,000.

* * *

Kingsbury S. Nickerson, President of **The First National Bank of Jersey City,** has announced four new appointments in the Consumer Credit Department of the bank. Herbert C. Neuendorf was appointed Manager of the Department, and Anthony S. Pizzano, Joseph N. Granello, and Russell E. Greene were appointed Assistant Managers. Mr. Nickerson, in making the announcement, said that the continuing expansion of the department had made it necessary to increase the size of the staff of the Consumer Credit Department.

* * *

Harry H. Pond, Chairman of the Board of Directors of the **Plainfield Trust Co. of Plainfield, N. J.,** died on Feb. 10, at the age of 84 years. Mr. Pond, according to a Plainfield staff correspondent of the Newark "Evening News" joined the bank in 1910 as Secretary and Treasurer, and became President in 1923, and Chairman of the Board in 1946. The "News" also states that Mr. Pond was Vice-President of the **Chase National Bank of New York** from 1926 to 1930, and that in 1913 he was Vice-President of the **Mechanics & Metals National Bank in New York.** It is further stated that he was one of the organizers of the **New Jersey Bankers Association** and had served as its President, and later as Honorary Vice-President.

* * *

The National City Bank of Cleveland has increased its capital to $16,000,000 from $14,000,000 as a result of a stock dividend of $2,000,000, the new capital having become effective Feb. 4.

* * *

The Tootle-Lacy National Bank of St. Joseph, Mo., changed its name as of Feb. 1 to the **Tootle National Bank of St. Joseph.**

* * *

An addition of $200,000 to the $800,000 capital of the **Fidelity National Bank of Baton Rouge, La.,** in the form of a stock dividend, has raised the bank's capital to $1,000,000 effective Jan. 20.

* * *

Subscriptions to the new capital stock of the **Central National Bank of Cleveland, Ohio** offered to shareholders in January amounted to 167,882 or 97.67% of the 171,875 newly authorized shares, it was announced by Chairman of the Board John C. McHannan on Feb. 17. Subscription rights to the new stock, which were offered in the ratio of one share for approximately each four held, expired on Feb. 16. In our issue of Feb. 10, page 729, it was noted that the sale of the additional stock at $32.50 per share would increase the capital stock by $2,750,000, surplus by $2,750,000 and undivided profits by $85,937. McDonald & Company,

Union Commerce Building, Cleveland, heads a group of security dealers who will offer the remaining unsubscribed stock to investors.

* * *

A consolidation of the **National City Bank of Dallas, Texas** (capital $1,000,000) with the **Republic National Bank of Dallas** (capital $26,040,000) under the charter and title of the **Republic National** became effective at the close of business Dec. 11. At the effective date of the consolidation the consolidated bank is reported as having a capital of $27,000,000, in 2,250,000 shares of common stock, par $12 per share; surplus of $33,000,000 and individed profits of not less than $3,000,000. The proposed consolidation of the two banks was noted in these columns Nov. 4 page 1847, and Nov. 25, page 2161.

* * *

Under date of Jan. 21 the **Greeley National Bank of Greeley, Colorado** made effective an increase in its capital from $380,000 to $400,000, this having been accomplished by a stock dividend of $20,000.

* * *

Directors of the **First Western Bank and Trust Company of San Francisco**, at a meeting on Feb. 16, placed the banks' capital stock on an annual dividends basis of $1.60 a share, declared the first quarterly payment of 40 cents a share, and voted to increase the bank's capital $12,000,000 by the sale of 300,000 additional shares of capital stock. The initial quarterly dividend of 40 cents a share was declared payable March 25 to shareholders of record Feb. 28. The number of shares outstanding was doubled last Nov. 30 by the payment of a 100% stock dividend, and the new annual dividend basis of $1.60 a share compares with the equivalent of $1.15 a share paid during 1954. The 300,000 additional shares are to be offered at $40 a share pro rata to the bank's shareholders of record Feb. 28. The bank now has 1,800,000 shares outstanding, and a total capital and surplus of $45,000,000.

T. P. Coats, Chairman of the bank's Board of Directors, in a letter to the shareholders telling them of the boards action, said the sale of additional stock would provide capital to cover the bank's recent expansion by acquisitions and additionally would "contribute materially to further progress and expansion."

First Western now has applications pending, or already approved, to open nine additional offices. It already has 54 offices in 39 California communities. Mr. Coats said the sale of the 300,000 additional shares would require an amendment to the bank's articles of incorporation to increase the authorized shares from 1,800,000 to 2,100,000. This change and the issuance of the additional stock is subiect to the approval of shareholders and the State Superintendent of Banks and the Federal Deposit Insurance Corporation. A special meeting of the bank's stockholders has been called for Feb. 28 for the purpose of voting on the proposed amendment. Transamerica Corporation, holder of a majority of the bank's stock, has offered to purchase for investment all of the unsubscribed shares at the subscription price of $40 a share.

With Standard Inv. Co.

(Special to The Financial Chronicle)

PASADENA, Calif.—Millard D. Jameson has become associated with Standard Investment Co. of California, 721 East Union Street.

H. L. Jamieson Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Thelma A. Parker has joined the staff of H. L. Jamieson & Co., Inc., Russ Building.

Building Volume Seen Reaching Peak

Wallace Moir, President of Mortgage Bankers Association of America warns, new home construction is proceeding faster than the rate of family formations.

Wallace Moir, President of the Mortgage Bankers Association of America declared before members of the Chicago Mortgage Bankers Association at their annual meeting in Chicago on Jan. 20. That despite the currently optimistic predictions for a continuation in 1955 of the high building volume of 1,200,000 starts of 1954, the country cannot hope to increase this total much further, or even maintain the pace, because it is faster than the rate of family formations plus housing replacements — and probably faster than the increase in supply of mortgage money.

Wallace Moir

"Housing starts next year might possibly go to around 1,300,000 but the country cannot hope to increase very much, or even maintain, the record set in 1954 which was our second biggest building year," Mr. Moir stated. "The demand is just not there. Dollar volume, on the other hand, may well be proportionately larger than starts because houses are getting larger and expansion and modernization expenditures are rising rapidly.

"Spending for highways, schools and many other public works is on the way up. The school problem is particularly acute and the shortage of classrooms all over the country is becoming one of the most serious problems facing builders today."

But whatever pattern the construction trend should follow, Mr. Moir said, building is likely to be in 1955, as it was in 1954, "the fair-haired boy of the year's economic expansion."

But builders, he added, should not forget that the "softest period for building—except for highway construction — has now passed." And the fact is, he asserted, "that no group, even agriculture or our veterans, have ever been subsidized more heavily than have builders through the credit which the government has extended through its mortgage insurance."

Turning to the supply of mortgage money by which the building industry is financed, Mr. Moir said, that it would not be as plentiful as it was in 1954 but still will be "reasonably plentiful." Interest rates will remain low but if there is a trend in either direction, it will be up, he said.

"In one aspect of mortgage financing, we have reached the end of the road—that is, in the loan-to-value ratio which governs the size of a mortgage loan. Thirty years ago the ratio was 50% and now we have come to the full 100%, no-down-payment 30-year loan as far as some government-backed mortgages are concerned.

"Most of the decisions regarding money supply, and the rate and terms for the use of money, will be made by the Federal Reserve Board and the Treasury. We may be, at this moment, on the doorstep of another significant change in our monetary affairs which, in recent years, have gone from easy money to hard money, from that to 'active ease' to the more recent just 'ease.' The Federal Reserve Board will be under the greatest pressure to avoid interference with business expansion, but, with the good judgment the agency has used in the past, may dictate a forceful policy of moderation in controls of the securities markets, inventory buying and in building activity. As for the latter, I think I sense a growing concern on the part of the Federal Reserve for the rapidly mounting mortgage debt. While the highest officials concerned with housing in Washington have disclaimed any thought of a renewal of direct controls in this field, the rate at which mortgage debt has mounted has, I believe, become a source of anxiety for those charged with the management of our fiscal affairs."

NYSE Appoints Mahony & Cassidy

Keith Funston, President of the New York Stock Exchange, has announced the appointment of James P. Mahony as Vice-President in charge of Methods Research, effective March 1. He succeeds George F. Muller who has resigned to become a partner in Carlisle & Jacquelin, a member firm of the Exchange.

James P. Mahony Lawrence J. Cassidy

Mr. Mahony, 54, started his career with the Department of Member Firms of the Exchange in 1930. A Certified Public Accountant, he was appointed Assistant Chief Examiner in 1947. In his new position he will have the responsibility of analyzing internal systems and procedures in order to improve the exchange's over-all operation. He will report directly to Mr. Funston. Mr. Mahony lives with his wife and three children in Garden City, L. I.

Mr. Funston also announced the appointment of Lawrence J. Cassidy as Vice-President and Secretary of the Stock Clearing Corporation, an affiliate of the exchange.

Mr. Cassidy joined the exchange in 1920 as a junior clerk. He was made manager of Stock Clearing Corp. in 1947 and Assistant Secretary in January, 1954. Mr. Cassidy, 57, lives in the Bronx with his wife.

Joins Leo Schoenbrun

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—Coleman C. Gershuny is now with Leo Schoenbrun, 1385 Westwood Boulevard.

Two With Morton Seidel

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—John G. Morris and Murray B. Zuckerman are now with Morton Seidel & Co., 458 South Spring Street.

With Montagne-Sherwood

(Special to The Financial Chronicle)

PALO ALTO, Calif.—James S. Jenson has become connected with La Montagne-Sherwood & Co., 418 Waverley Street.

Joins Bramman-Schmidt

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — William A. Gerst has been added to the staff of Bramman-Schmidt-Busch, Inc., Boatmen's Bank Building, members of the Midwest Stock Exchange.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

An interesting method of measuring the improvement in a shareholder's position in a bank stock is to calculate his gain on the basis of the growth in the equity, or book value, plus the cash dividends paid in the period under consideration. Investors are of course aware that there is a sizable undisclosed equity in the cases of the stocks of the large banking institutions, customarily in the form of reserves. But the following discussion utilizes only published equity and gives no effect to items other than capital, surplus, and undivided profits. Naturally, to include even unallocated reserves that have been built up would give an even more favorable aspect to our material.

The following tabulation uses the five years ended Dec. 31, 1954, and gives, first the dollar increase in equity for 16 leading New York City bank stocks, then the cash dividends disbursed in the period, to arrive at a total gain. This gain has been reduced to a per share basis, using the outstanding stock totals at the end of 1954:

Gain to Stockholder
December 31, 1949-December 31, 1954

	Increase in Equity	Cash Dividends	Total Gain	Per Share
Bankers Trust	$19,198,000	$30,423,000	$49,621,000	$16.26
Bank of Manhattan	15,022,000	16,919,000	31,941,000	12.78
Bank of New York	2,226,000	6,440,000	8,666,000	108.33
Chase National	36,082,000	65,120,000	101,202,000	13.68
*Chemical Corn Exchange	28,984,000	35,467,000	64,451,000	15.01
Empire Trust	1,529,000	1,229,400	2,758,400	27.58
First National	2,064,000	37,500,000	39,564,000	131.80
Guaranty Trust	22,633,000	75,500,000	98,133,000	19.62
Hanover Bank	12,092,000	22,800,000	34,892,000	25.85
Irving Trust	4,646,000	25,750,000	30,396,000	6.08
Manufacturers Trust	28,165,000	30,993,000	59,158,000	23.48
J. P. Morgan & Co.	7,229,000	11,125,000	18,354,000	73.02
National City	†57,734,000	60,224,000	117,958,000	11.80
New York Trust	6,333,000	14,550,000	20,883,000	34.80
Public National	3,744,000	7,491,000	11,235,000	12.90
United States Trust	1,586,000	7,400,000	8,986,000	89.86
Total	$249,267,000	$448,731,400	$698,198,400	

*On pro forma basis giving effect to Chemical-Corn Exchange merger.
†Excludes approximately $131,000,000 of new money contributed as stock subscriptions in late 1954.

As, of course, the size of these banks influences the total dollar gain, ratios have been worked out relating each stock's total gain, first to the book value at the start of the five-year period, and then to the market price at the same date; and a valid basis for comparison is arrived at:

	Ratio of— Total Gain to Book Value 12/31/49	Total Gain to Market Price 12/31/49		Ratio of— Total Gain to Book Value 12/31/49	Total Gain to Market Price 12/31/49
Bankers Trust	29%	36%	Irving Trust	25%	33%
Bank of Manhattan	39	49	Manufacturers Trust	37	49
Bank of New York	24	33	J. P. Morgan & Co.	28	41
Chase National	28	38	National City Bank	30	41
*Chemical Corn Exch.	39	42	New York Trust	30	39
Empire Trust	26	36	Public National	28	45
First National	28	32	United States Trust	29	35
Guaranty Trust	26	33	Average	28	36
Hanover Bank	25	34			

*On pro forma basis giving effect to the Chemical-Corn Exchange merger.

It will be apparent that in cases where the bank's dividend pay-out ratio is large, e.g., First National Bank, Guaranty Trust, United States Trust, dividends constitute by far the greater proportion of the total gain to the stockholder, with the increase in the equity making a minor contribution. On the other hand, there are many investors who, because of their tax positions, are more interested in growth of equity than they are in dividend income, and for whom stocks such as National City, Manhattan and Manufacturers Trust would have more appeal, because the equity growth contributes so much to total gain. For whatever influence it has had these latter banks all have built up extensive branch systems. These three banks also fared well in the tabulation giving the ratios, being above the averages in all cases.

Recent New York City Bank Developments

Recent news items of note in connection with the New York City banks have been:

A stock dividend of 100% on Bank of New York, with an increase in the cash from the equivalent of $9 to $10 on the new capitalization.

Announcement that the Chase-Manhattan merger is expected to become effective April 1 if the Superintendent of Banks takes no adverse action. It will be recalled that the announced basis for this merger is 1¼ shares of the stock of the merged banks for each share of Chase; share-for-share in the case of Manhattan stock.

Announcement that Bankers and Public are working on a merger, the holders of Public stock to receive 1⅛ shares of stock in the merged institutions per share of Public; Bankers holders one-for-one. As Bankers Trust also announced an increase in its cash dividend rate from $2.40 to $2.60, the Public stockholder on completion of the merger would receive an annual equivalent of $2.92, compared with the $2.25 (which includes a 25-cent extra) that the bank has paid for several years.

Joins A. G. Becker

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Geo. H. Pfau, Jr., is now with A. G. Becker & Co. Incorporated, members of the New York and San Francisco Stock Exchanges.

With J. M. Malmberg

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—Howard T. Snedicor has become associated with J. W. Malmberg & Co., 625 Broadway. He was formerly with Fairman & Co.

Public Utility Securities

By OWEN ELY

Oklahoma Gas & Electric Company

Oklahoma Gas & Electric supplies electricity to 246 communities, plus rural areas, with a total population estimated at about one million, in Oklahoma and western Arkansas (only about 8% of total revenues being obtained from the latter state). Electricity is also sold at wholesale to 12 communities and 10 REA co-ops. Some of the important cities served include Oklahoma City, Shawnee, Enid and Muskogee, in Oklahoma and Fort Smith and Van Buren in Arkansas.

The company was engaged in gas distribution until 1927 when it sold all of its gas properties. Although the company is no longer engaged in any business other than the providing of electric service, the trade name "OG&E" is so well established in the area served that the corporate name has not been changed.

The Oklahoma area is notable for the production of oil and natural gas as well as agriculture. The area served in Arkansas has good farm land, timber and some diversified industrial business.

The company's residential and rural business contributes a high proportion of revenues — 43%— while large light and power business is comparatively low with 17%. The oil industry accounts for approximately one-half of the latter revenues and is in itself well diversified among pumping, refining and pipe line operations. The balance is well distributed among food and food processing, machine shops, glass plants, coal field operations, and manufacturing. The largest customer, Tinker Air Force Base, accounts only for approximately 1.30% of total revenues. This is the largest air base facility of this type in the world, employing 20,000 civilians, 4,500 military personnel, and embracing more than 8 million square feet of permanent buildings, exceeding $121 million in replacement value.

Franchise extensions in the company's area must be approved by a direct vote of the people, and the management is proud of the fact that over 97% of the vote has favored the company on an average basis, in recent years. In fact 65 communities voted unanimously in favor of the company. No elections were lost and no utility property of the company has ever been acquired by a municipality.

The company has enjoyed rapid growth, with revenues of $40 million in 1954 showing an increase of 125% in the postwar period. Gross plant account of $176 million had increased 149%. Net income gained even more rapidly, with a postwar increase of 193%, and earnings for common stock showed a phenomenal increase of 328% although on a per share basis the gain was only 119%.

In 1954 share earnings were $2.18 compared with $1.90 in 1953 and 99c in 1945. President Kennedy has estimated that earnings in 1955 may reach $2.31 a share even after allowance for possible common stock financing this year on a 1-for-8 basis.

The company's capital structure at the end of 1954 was about 50% debt, 20% preferred stock and 30% common stock equity. The present policy is to maintain the equity ratio at around 30%. Postwar construction expenditures have approximated $120 million, equal to 78% of the present plant. About $70 million will be spent during 1955-57, it is estimated. About one-third of construction is financed through internal cash and two-thirds through sale of securities.

Generating capability was increased 127% since 1945. System peak demand gained 21% last year and is expected to increase 25% during 1955-6. However, the current construction program should provide a power reserve margin of 17% in 1956, it is estimated.

The company is located in the center of the large natural gas, oil and coal reserves of Oklahoma and the Southwest, which permits it to obtain ample supplies of low cost fuels for generating purposes. Nearly all of the fuel used in 1954 was natural gas. Although there has been an increase in the cost of fuel gas during the past few years, such costs in the Southwest are substantially less than in other parts of the United States. The company, therefore, continues in a favorable position for the economic generation of its energy.

In February 1954, the company applied for a general increase in electric rates averaging somewhat less than 10%, which would provide around $2,600,000 of revenue annually. Effective July 10, the Oklahoma Corporation Commission authorized a $2,200,000 adjustment, which would provide a return of 6% on the net original cost rate base. A $213,000 increase in Arkansas became effective in December.

The company's operations date from 1902 and cash dividends have been paid on the common stock each year since 1909. The stock has been held by the public since 1947, when some of the stock was sold by Standard Gas & Electric Company. The latter company and Standard Power & Light still hold some of the stock.

The stock is currently selling on the New York Stock Exchange around 33½, the range in 1954-5 having been 33¾-26½. The dividend rate has increased each year in the postwar period, having recently been raised to $1.60. The yield based on the latter rate is 4.8%, or about average. The price-earnings ratio based on last year's earnings is 15.4 and based on this year's estimated earnings would be 14.5. The general average now is about 15.7 based on latest interim figures for 135 electric utilities.

A. G. Becker Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John D. Mabie has been added to the staff of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

With Chicago Mutual Inv.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Joseph R. Vaughn has become affiliated with Chicago Mutual Investment Co., 8151 Cottage Grove Avenue.

Langill Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Herman C. Bohenstengel is now with Langill & Co., 134 South La Salle Street, members of the Midwest Stock Exchange.

With Link, Gorman, Peck

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Ralph R. Warren is now affiliated with Link, Gorman, Peck & Co., 208 South La Salle Street. Mr. Warren was previously with Blair & Co. Incorporated and Ames, Emerich & Co., Inc.

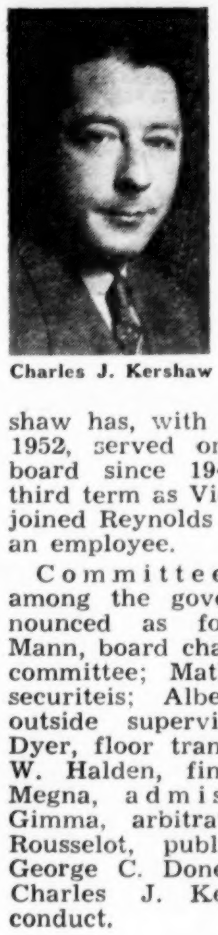
D. E. Bright Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David E. Bright is conducting a securities business from offices at 6535 Wilshire Boulevard.

American Exchange Re-elects C. J. Kershaw

Charles J. Kershaw, a Reynolds & Co. partner since 1940, was reelected to a one year term as Vice-Chairman of the American Stock Exchange governing board at the board's organization meeting held last evening, according to an announcement by Edward T. McCormick, Exchange President.



Charles J. Kershaw

An Exchange member since 1940, Mr. Kershaw has, with the exception of 1952, served on the governing board since 1945. This is his third term as Vice-Chairman. He joined Reynolds & Co. in 1931 as an employee.

Committee charimanships among the governors were announced as follows: John J. Mann, board chairman, executive committee; Mathew Dean Hall, securiteis; Albert G. Redpath, outside supervision; James R. Dyer, floor transactions; Charles W. Halden, finance; A. Philip Megna, admissions; Joseph Gimma, arbitration; Harold A. Rousselot, public relations; George C. Donelon, realty; and Charles J. Kershaw, business conduct.

New S. F. Exch. Members

SAN FRANCISCO, Calif. — Ronald E. Kaehler, President of the San Francisco Stock Exchange, announced the following elections to membership in the Exchange, effective at the opening of business on Friday, Feb. 18, 1955:

Earl S. Douglass, of A. G. Becker & Co. Incorporated.

Donald I. Forrest, of S. A. Judah & Co.

S. Shiels Hoelscher, general partner of Sherman Hoelscher & Co.

Charles T. Jawetz, general partner of Daniel Reeves & Co.

Joins McCarley Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Forrest E. Brinson has been added to the staff of McCarley & Company, Inc., Commercial National Bank Building.

With Olderman, Asbeck

CLEVELAND, Ohio—Loretta A. Brennan has joined the staff of Olderman, Asbeck & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Coburn & Middlebr'k

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Joseph Cushner is now with Coburn & Middlebrook, Incorporated, 100 Trumbull Street He was previously with King Merritt & Co.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Richard G. Solof is now with Daniel D. Weston & Co., 140 South Beverly Drive.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Fred W. Beardsley is now connected with King Merritt & Co., Inc.

Joins John Nuveen Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Oliver C. Slocum is with John Nuveen & Co., 135 South La Salle Street.

Securities Salesman's Corner

By JOHN DUTTON

When You Are Hamstrung by Rules And Regulations Use Common Sense

I have just finished reading and rereading the "Statement of Policy" issued by the Securities and Exchange Commission as amended Jan. 31, 1955, pertaining to sales literature that can now be used in connection with mutual funds. I am not going to comment on the merits or demerits of this lengthy, technical, document. Quite frankly, I believe that any salesman or dealer in securities who tries to follow this treatise to the letter in the origination of sales letters, or any other type of advertising covered by this statement of policy (which also includes any communication whether by radio, or by television) is licked before he starts.

This document is so technical, the demands made upon the salesman and dealer are not worth the effort of even trying to conform in sales letters or advertisements. For that reason I would only use prepared literature of the funds themselves that complies with this statement. I would write no letters or use any other form of communication in soliciting orders for mutual funds other than approved literature. My letters from now on will be written as follows:

Dear Mr. Investor:

Enclosed find prospectus and other literature pertaining to—— Mutual Fund. I will be pleased to discuss this with you at your convenience.

John Dutton.

Why Stick Your Chin Out?

On Page I of the amended statement we call your attention to the following: (Quote) "For the purpose of interpreting this 'Statement of Policy,' a piece of sales literature shall be deemed materially misleading by reason of an implication, as contemplated herein, if such sales literature (1) includes an untrue statement of a material fact, or (2) omits to state a material fact necessary in order to make a statement made, in the light of the circumstances of its use, not misleading."

That's enough for me. Life is too short to bother with checking every sales letter that I write about mutual funds to see that every statement that I make in all good faith is absolutely correct *as it might, or might not be interpreted, by the learned lawyers and such* who could some day pick up some minor flaw in my correspondence and rap me over the head with it. No thanks—this is not for me. I haven't the time to sit in my office for hours at a stretch trying to figure out whether or not every word and every paragraph I write about a mutual fund is checked, rechecked, and double checked. I have a living to make and I can't spend my time worrying whether or not my letters are going to square with what some bureau, agency, or double-talking government lawyer is going to tell me should, or should not be put in writing. I am not going to write. Let the Funds prepare the literature, let them figure out the double-talk, let them write the advertisements and have them approved—then I'll use them.

We've Come a Long Way

We are now living in a world that believes you can set up a book of rules for almost everything, and by doing so you will be able to make the world better, happier and wiser. Well, I am just an old-time security salesman that has been around since 1925. I've seen a lot in all those years. I remember the way the public grabbed for stocks in 1928 and 1929 and bought them without ever thinking about anything but quick profits and trying to get something for nothing. I remember the 30's when the left-wing politicians in this country hung bureaucracy around our necks until today we have become enamored with it. Somehow I've made a living all these years, and I've done it by taking care of my clients as well as I could do it; and that even includes the greedy ones, the "something for nothing boys," those too lazy to read and the great majority who couldn't understand a financial statement, a balance sheet, or a prospectus. I don't need anyone to tell me how to write a letter to my clients, "Statement of Policy" or no. I realize that there are those who would mislead people in every line of business, but those who would be so stupid as to continuously try to do so by using the mails in the investment business must be few indeed, or else I am about the most gullible individual in the investment business today.

I don't have to write letters to sell mutual funds or anything else. My clients rely upon my judgment. I sell them what I think is good for them. That means that I have their goodwill and their confidence. I am going to stick to this formula because it is the only one that will work. My friends, you take it from there.

Perna Joins F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Vincent F. Perna has become associated with Francis I. du Pont & Co., 677 South Figueroa Street. He was formerly an officer of Investors Research Management Co. and of A. C. Karr & Co.

Bert B. Kopperl has also been added to the firm's staff.

With First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Edmund J. Sampter is now associated with First California Company, 647 South Spring Street. He was formerly with Sutro & Co. in the industrial department.

Schirmer, Atherton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Chester J. Grant is with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

FIF Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Albert E. Richards is now connected with F I F Management Corporation, 444 Sherman Street.

Three With J. W. Hicks

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Floyd L. Kelly, Charles W. Marion, Jr. and Ralph W. Newton, Jr. have become affiliated with J. W. Hicks & Co., Inc., Colorado Building.

Dolan With J. K. Mullen

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John F. Dolan has become associated with J. K. Mullen Investment Co., U. S. National Bank Building. Mr. Dolan was formerly with Bosworth, Sullivan & Co. and prior thereto with Kidder, Peabody & Co., in New York City.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Although a great deal of the buying which has been appearing in the refunding 3% bond is considered to be pretty much of the permanent type, it is going to take more of this kind of buying as well as more time before the issue will be well placed. Nonetheless, it is evident that institutional investors are going to be attracted to this issue with the passing of time because it will better fill their investment needs when some of the current competition has been taken out of the picture. To be sure, there will be no real burst of buying in the longest Treasury bonds until there is some evidence that the money tightening operation is near or at an end.

As to when the money market will be moving away from its defensive attitude is purely a matter of guesswork. However, the operations of Federal will give future clues as to what should be expected, along with what takes place in the stock market and the mortgage market.

New 3s Taking Hold

The Government market, aside from the short-term sector, is endeavoring to work out a solution to the moderately firmer interest rates which the monetary authorities are imposing on it, as well as the competition it is getting from outside sources, such as the stock market, the mortgage market and the corporate bond market. There has been, and no doubt there will continue to be, a fairly large number of switches in the longer end of the list because not a few owners of the marketable 3¼s and the 2½s have been sellers of these obligations, with the proceeds being reinvested in the 3s of 1995. This has given a minor bit of a fillup to the recently offered 3s, but it will still take some further spade work to put this issue into the shape that will be necessary in order to get it into the well distributed classification.

There have also been reports of new money purchases of the refunding 3s by institutional investors, with life insurance companies supposedly among the more prominent buyers of this issue. There seems to be no question but what the 3s due 1995 are a very desirable obligation as far as long-term investors are concerned, and, in time, there should be an improved demand for this bond from this source. For the present, however, it seems as though the competition from other types of investments is going to take something away from the issue. This probably means that until there is a slow-down in the competition for the investor's dollar, the 3s of 1995 are not going to find too many homes of a really permanent nature.

Selling for Tax Losses

Investors in long-term Treasury obligations have been taking tax losses in the outstanding marketable issues because they believe this is a good time to register such losses. To be sure, there will most likely be the usual tax selling later in the year, as there always has been. The reason given for the tax operations at this time is that the opportunity is presented to put the funds released from the selling to work in the refunding 3s. The opinion is held by some of those who are taking these tax losses that, if the market for long-term Treasuries should go lower, more switching will take place. In the course of not too long a period of time, it is believed the 3s which are being used as a replacement for the tax loss issues will show considerable price betterment from the levels at which they were originally purchased.

Long 3¼s and 2½s in Demand

Even though the 3% due Feb. 15, 1995 appears to be the leading issue in the long-term Government market, there are indications that the 3¼s and the 2½s bonds are finding support on a scale down basis. Not all of the buying which has been going on in the more distant 2½s and the 3¼s has come from what is commonly known as official sources. It is evident that pension funds, both the public and private ones, have been making selected purchases of the longer-terms at levels which they consider to be satisfactory for their purposes. To be sure, these commitments have not been too large, but they have been sizable enough to give a cushion to the market.

The short-term Treasury issues are very much in demand, and this is not an unexpected development because this kind of a trend usually takes place when things are uncertain in the money markets. It seems as though there will be plenty of short-term money around for investment until the money hardening process has pretty much run its course.

Joins Richard Harrison

(Special to The Financial Chronicle)

SACRAMENTO, Calif.—Joseph A. Lorentz is now with Richard A. Harrison, 2200 Sixteenth Street.

J. Barth Adds to Staff

LOS ANGELES, Cal.—Donald R. Matthew has become connected with J. Barth & Co., 210 West Seventh Street.

A. C. Champlain Co.

A. C. Champlain & Co., Inc., is engaging in a securities business from offices at 82 Beaver Street, New York City. Albert Chopik is a principal of the firm. A branch office is maintained at 79 Lexington Avenue, Jersey City, N. J., under the direction of V. C. deChamplain.

Joins Slayton Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Warren S. Thies has become connected with Slayton & Company, Inc., 408 Olive Street.

King Merritt Adds

(Special to The Financial Chronicle)

SPRINGFIELD, Mo.—Frederick W. Mueller is now affiliated with King Merritt & Co., Inc., Woodruff Building.

Joins Bache Staff

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Hugh E. Bacon, Jr. is now affiliated with Bache & Co., Dixie Terminal Building.

British Stock Exchange Profits

By PAUL EINZIG

Dr. Einzig, in calling attention to the upward trend on the London Stock Exchange during recent months, says profits made by speculators and investors, because of the persistent rise of prices, have been subject to a growing volume of criticism on the part of the Socialists, and the matter has caused some concern in Governmental circles. Concludes, however, profits on appreciation of Stock Exchange values are not as unpopular as both the government and its political opponents assume.

LONDON, Eng. — The rising trend of the London Stock Exchange during recent months was viewed with growing concern in British Governmental circles. Even though at the time of writing it seems to have come to a temporary halt owing to the higher bank rate and the concern over the international political situation, the possibility of a resumption of its rise is widely envisaged. Gratifying as this would be from the point of view of investors, speculators and the executives of the firms wishing to raise new capital, the prospects of a stock exchange boom in an election year give the government a headache. The reason why official circles would view further rises in the stock exchange without enthusiasm is political rather than economic.

Dr. Paul Einzig

From an economic point of view the situation is far from vulnerable. The increases which took place since 1953 were by no means exaggerated, having regard to expanding industrial earnings and the relaxation of the unofficial restraint on dividend increases. Such speculative positions as developed from time to time were not excessive. And since the beginning of this year most speculators have closed their speculative positions. The technical position is sound, and there is no danger of a stock exchange slump of a magnitude that would cause grave economic repercussions.

In spite of this, the government was anything but happy last year about the persistent rise on the stock exchange. The profits made by speculators and investors have been subject to a growing volume of criticism on the part of the Socialists. They have missed no opportunity for accusing the government of pursuing policies resulting in an increase of industrial profits, increase that is at the basis of the rising trend. And above all they accuse the Chancellor of the Exchequer of having failed to take steps to prevent the dividend increases, but for which stock exchange quotations could not possibly have risen to anywhere near their present levels. It is true Mr. Butler has often reaffirmed his view that boards of directors should continue to exercise self-denial in their dividend policies. He refuses, however, to introduce legislation for a statutory limitation of dividends, and he always qualifies his appeals against dividend increases by saying that it depends on the individual circumstances of the firms concerned whether or not an increase of their dividend is justified.

There can be little doubt that dividend limitations and attacks on capital gains through the appreciation of investments will figure prominently in the Socialist program at the next general election. Both government and opposition assume that the widespread profits earned as a result of the rise in stock exchange prices are unpopular with the majority of the electorate and are damaging to the prospects of the party that can be "blamed" for it.

This attitude is in keeping with the general equalitarian trend that has gained such a strong hold over Britain since the war. Permanent high taxation has indeed succeeded in scaling down high incomes; indeed there is reason to believe that from that point of view there is today a higher degree of equalitarianism in the United Kingdom than in the Soviet Union where the range between highest and lowest earnings is probably wider, allowing for taxation. The big prewar fortunes, too, have disappeared for the most part, partly through death duties and partly because their owners had to live largely on their capital for the last 15 years.

As a result of stock exchange profits earned in recent months, however, there has been undoubtedly a certain degree of setback in this equalitarian trend. It seems, however, that the government is unduly worried about the electoral consequences of this setback. For one thing, Britain experienced some stock exchange booms also during the six years' regime of the Labor Government; in particular Dr. Dalton's cheap money policy from 1945 to 1947 put many hundreds of millions of pounds of untaxed profits into the pockets of speculators and investors. At the same time price control and rationing, maintained throughout the regime of the Labor Government, provided an opportunity for building up fortunes through "black market" operations. Thanks to the liberalization of trade under the present government that method of making fortunes has now disappeared.

Last, but by no means least, the equalitarianism of the Labor Party stops short at interfering with gambling profits made through the operation of football pools, which are a highly popular device of disguised lottery. Indeed, the Labor Party has actually decided to run such pools in order to replenish its fighting fund for the next general election. The farcical situation will arise that Socialist candidates will be denouncing from their platforms the capital profits made by speculators and investors under the Conservative Government, even though their election expenses will be financed by methods which are to enable many people to make fortunes without working for it — unless the filling in of football pool coupons can be considered as work.

In any event profits on the appreciation of stock exchange values are not as unpopular as both the government and its political opponents are inclined to assume. After all it is not only a handful of professional speculators and big investors who have benefited by the rise. There are millions of small investors who derive benefit from it in a small way. It provided a welcome windfall to the widow with a few hundred pounds invested in some industrial equity. The big trade unions themselves have secured by no means negligible capital gains on their investments, making it possible for them to treat their millions of members more generously.

Above all, the stock exchange profits of recent months have given Britain's luxury industries a new lease of life. A year or two ago a stage was reached at which these industries came to depend entirely on foreign buying for their survival. Their domestic markets declined under the influence of high taxation and dividend limitations. And Britain's economic future largely depends on her ability of maintaining and expanding luxury industries, which cannot have secure foundations without a steady domestic market. It can be claimed with every justification that the stimulus given to those industries by the stock exchange boom stands to benefit every man, woman and child in the United Kingdom. But is would perhaps be too much to expect Socialists to see this, let alone admit it in public.

With Dietenhofer Firm

(Special to The Financial Chronicle)

SOUTHERN PINES, N. C.—Carl F. Olsen has become affiliated with Dietenhofer and Heartfield, 670 Southwest Broad Street.

E. Lowitz Admits

George Stoff on March 3 will become a partner in E. Lowitz & Co., 29 Broadway, New York City, members of the New York Stock Exchange. On Feb. 28 Earl M. Kessler will withdraw from the firm.

Dreyfus to Admit

Dreyfus & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on March 3 will admit William E. Nulty and Alexander McCabe to partnership.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes: Richard V. Nuttall will withdraw from Singer, Deane & Scribner Feb. 28.

William P. Roth retired from limited partnership in Dean Witter & Co. Jan. 31.

Tom Ball Opens

HOUSTON, Texas — Tom Ball, Jr., has formed Tom Ball, Jr. & Co. with offices at 1007 Preston Avenue to conduct a securities business.

Form Coltharp Investment

SALT LAKE CITY, Utah—Edward H. Coltharp has formed Coltharp Investment, Inc., with offices in the Newhouse Building to engage in a securities business.

Jack Luban Opens

JACKSON HEIGHTS, N. Y. — Jack Luban is engaging in a securities business from offices at 35-31 85th Street.

Overton Inv. Co. Opens

PRINCETON, N. J. — Overton Investment Company of America is engaging in a securities business from offices at 164 Nassau Street. Albert Overton is a principal of the firm.

With T. R. Peirsol

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Edward W. Dunn has joined the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard.

Continued from first page

Business Outlook Good, But Some Roadblocks Exist

fore the year closed. The vigor of the recent recovery taken in conjunction with the investment and expenditure plans already set in motion, suggests that economic expansion will continue during coming months. It holds out the promise that we shall achieve a high and satisfactory level of employment and production within the current year."

This conclusion is in close agreement with our own views. Signs are multiplying that we are well on our way upward, and that the contraction of last year was only a transient episode. The present mood of both consumers and businessmen is such as to sustain a high and rising rate of economic activity.

Consumers, it is clear, have not felt either the need or the desire to curtail their expenditures. There has been no "wave of fear" leading to large scale postponement of buying. It is true that consumers are becoming more discriminating but business regards this as a stimulating challenge rather than as cause for alarm.

I can assure the Committee that the business community views the immediate future with high optimism. Businessmen confidently anticipate economic growth and, what is more important, they are preparing for growth. Business is investing in new plant and equipment to meet the expanded demand expected in the future. Despite the tapering off of defense spending last year—and the decline in the need for the specialized plant and machinery used in producing defense goods — total expenditures on plant and equipment remain at very high levels. Business is preparing many new products and new services, which will enrich our lives in the future. These business preparations for future growth are in themselves a stimulant to our prosperity in the present.

In viewing the course of the economy in 1954, what we find disturbing is not the slight economic contraction which occurred, but the eager haste in certain quarters outside government to proclaim an emergency and to urge adoption of drastic measures to counteract the "recession." Many of the measures proposed were such as to weaken the forces making for economic growth, by departing from our normal reliance on individual incentives and competitive markets.

This economic nervousness — this willingness to abandon the ship at the first alarm—is a most distressing phenomenon. I trust that cool heads will continue to prevail over this type of counsel, as they did in 1954.

Stagnant Profits

Although the immediate business outlook is generally good, there is one aspect of it which should cause some concern. That is the fact that business profits have not participated in the growth of the economy in recent years.

Figures in the statistical appendix to the President's report indicate that profits after taxes have remained within a narrow range of one billion dollars for the last seven years, while all other facets of our economy have experienced a substantial growth in the same period.[1] In particular, total corporate sales increased by more than 30% between 1948 and 1954, but the total corporate profits in 1954 were actually lower than they were in 1948. Thus corporations have been compelled to produce and sell about one-third more in the way of goods and services, with no increase whatever in profits. It is as though an employee had to work harder and harder to keep up with the growth of his company, but never got any more pay for it.

By contrast the disposable income of individuals — including wages, salaries, and other forms of personal income **after taxes**—increased by 35% during the same period. Clearly it is in the area of business profits, rather than of consumer incomes, that economic difficulties are to be foreseen.

Since profits play a major role in supplying funds for new plants and equipment — thus helping create jobs—as well as providing incentive for production, their stagnation over a seven-year period is genuine cause for concern. This record discredits any contention that further cost increases or tax increases can or should be absorbed out of profits. On the contrary, it demonstrates the pressing necessity for corporate tax reduction.

Long-Term Growth

The President announces that his intention this year is to concentrate on "basic policies for long-term economic growth" rather than to "seek to impart an immediate upward thrust to general economic activity." This is economic statesmanship and vision of the highest order.

The subject of long-term growth is much emphasized in current statements by all schools of economic thought, and rightly so. Yet this objective is sometimes interpreted as meaning that we must never, in our upward progress, fall below a precalculated methematical trend line. It is too often argued that even the slightest or most temporary setback is evidence that we have failed in our objective of long-term growth, and that desperate remedies are called for.

Since we live in a society of free individuals we must accept the fact that the actions of free men are not predictable to the last degree of mathematical precision. We can know, in general, that one type of economic climate will encourage individuals to behave in ways which lead to economic expansion. We can be sure that other kinds of economic policies will discourage enterprise and frustrate growth. But, if we want to control behavior with no margin of uncertainty whatever, we must deal with slaves or robots and not free human beings.

If every minor economic fluctuation is regarded as an excuse for abandoning the basic policies which promote growth, we would never lack for such excuses. We would be in the position of a hypochondriac, who never has time to live fully, since he is always busy caring for imaginary or trifling ailments. Our long-term goals will require some strenuous exertions. Let's not abandon them and take to our beds every time some minor ailment occurs.

Incidentally, business firms are tending more and more to base their investment plans on the long-term outlook, and then to ignore temporary shifts in the wind in carrying out those plans. They have learned the futility of attempting to revise their policies with every minor drop in the rate of economic activity. It would be most unfortunate if government were persuaded to adopt the opposite procedure and to regard every economic fluctuation as a signal to reverse all its basic economic policies.

Basic Principles

We are especially pleased that the President has chosen to present, as the very first of his "basic economic tenets," the proposition that ". . . competitive markets, rather than government directives, are as a rule the most efficient instruments for organizing production and consumption."

Attempts to control prices and wages by administrative rulings are both impractical and pernicious. They cannot prevent inflation if the basic fiscal and monetary causes of inflation are present. Furthermore, as our experience demonstrates, direct controls impede production and block the free flow of goods. One form of direct control breeds another — price controls lead to wage controls and at a later stage they make rationing inescapable. They lead logically to a situation where all economic decisions have to be made by government agencies—rather than by the firms and individuals who are closest to the problems and have the most at stake in reaching a correct solution.

The imposition of direct controls—or even the threat of their imposition—can only be a roadblock to the attainment of our future economic goals. Such direct economic controls should be permanently renounced as a proper function of government.

The second "basic economic tenet" of the President is also, in our view, a happy choice: ". . . a free economy has great capacity to generate jobs and incomes if a feeling of confidence in the economic future is widely shared by investors, workers, businessmen, farmers, and consumers."

This emphasis on the central importance of **confidence** reappears frequently in the Report, and might be described as its keynote. This theme is indeed worthy of emphasis at the present time, when we are being urged from some quarters that the economic outlook is a gloomy one and that only drastic measures, even though they may involve departure from our free enterprise principles, can save us. But it should be obvious that our economy can remain dynamic only if we retain confidence in ourselves and in our institutions.

Of course this emphasis on confidence does not mean that we, or the President, advocate a Pollyanna attitude that all will be well and we need not be vigilant. It would be absurd to pretend that a rosy future is in store for us no matter what policies we pursue or what mistakes we make. There are serious dangers ahead and they had better be faced. But, when all is said and done, these dangers do not arise from the possibility that our free competitive enterprise system will be inadequate for our future needs. Rather they arise from the possibility that the free competitive system will be undermined and impeded in its operation, either through misunderstanding or through sabotage.

As we see it, there are four chief dangers of this type threatening us currently:

(1) The danger that the monopolistic power of labor unions will be used to push labor costs to an unworkable level. This could undermine our prosperity by jamming the machinery of production and distribution. Raising wage costs can restrict employment, just as the raising of prices can reduce the sale of goods.

(2) The danger that deliberate monetary expansion will be used in an attempt to offset the restrictive effects of monopolistic wage rises. This is the policy of continuous inflation, advocated by certain thoughtless persons as a means of preventing unemployment. It would destroy the value of our money and wipe out our accumulated savings.

(3) The danger that we will, as settled policy, rely on government spending to take up any slack in employment. Such a policy would be an invitation to labor unions to present all sorts of impractical demands, knowing that the government would assume responsibility for employing any workers who were thereby priced "out of the market" for their services.

(4) The danger that the tax burden will prove so heavy, or so unduly concentrated on certain particular types of income, that it will seriously impede future investment. Our economic growth, as projected in the President's Report, will require a great and continuous flow of capital into plant, machinery, tools, and all the other things needed in production. This flow of capital can only come out of people's savings, and what is taxed away cannot be saved or invested.

Future Tax Reductions

It is encouraging to see that the Administration recognizes the destructive effects of our present heavy tax burden. The President states that:

"It should, nevertheless, be recognized that present taxes are still a heavy burden. Lower taxes would tend to encourage work, promote more efficient business practices, and create more jobs through new investments. Fortunately, with our economy continuing to expand, we can look forward to larger Federal revenues from existing tax rates. This, together with further economies in expenditures, should make possible next year another step in the reduction of taxes. Congress might then consider enacting a general, though modest, reduction in taxes and, at the same time, continue the program which was begun last year of reducing barriers to the free flow of funds into risk-taking and job-creating investments."

The recognition that economic growth will provide a margin for tax reduction is in close accord with this Association's thinking on the subject. We have estimated that our potential growth over the next five years will, if economic developments permit its attainment, make possible tax reduction totalling $9 billion.

But I had better explain that this does not mean that the $9 billion margin for tax reduction will be available for Congress to distribute in any way it pleases. The assumed rate of economic growth on which the calculation is based cannot simply be taken for granted. Unless we have a tax reduction **specifically designed to correct the growth-limiting features of our present tax structure**, there may be no opportunity for any tax cut.

We believe that the $9 billion margin must be used, over the next five years, to cut the rate of corporate income taxation and to reduce the degree of graduation in the personal income tax rates. If our plan is followed, it will be possible to lower both the top rate of corporate tax and the top rate of individual tax to a uniform level of 35% at the end of five years. First things must come first, and the primary task is to correct the gross discriminations which, over the years, have crept into our tax system. These discriminations are roadblocks to growth, and unless progress is made in eliminating them we will not have the margin for tax reduction that growth can provide.

Government Competition With Business

The business community is especially appreciative of the reiteration, in this report, of the President's determination to reduce the degree of government competition with private business. This is stated in the following words:

"The Government also made progress in redrawing the line separating private and public enterprise. Steps were taken to dispose of numerous enterprises for which public operation was inefficient or of doubtful advantage. Simultaneously, the Government increased the amount of its contracting with private firms for necessary services and facilities—as an alternative to producing them itself, often at higher cost to the taxpayer. To hasten the economic development of our water resources, and yet restrict Federal participation to what others are incapable of accomplishing, the partnership principle of Federal cooperation with local interests, public or private, was launched."

We applaud both this view and the steps the Administration has taken, and is taking, to implement it. The notion that the government should enter fields of productive activity in which private interests stand ready to provide what is needed is a most pernicious one. Especially dangerous is the belief that such government enterprises can provide a "yardstick" for judging the performance of the privately-owned enterprises in the same field—as though a tax-supported activity can be compared with one which must continuously justify its existence by paying its own way.

The Quest for Security

The President's Report sets forth as one of the proper functions of government the strengthening of "the floor of security for individuals and families in our industrialized society" (p. 6). The measures recommended under this heading include: extension of the coverage of unemployment insurance, increases in the amount and duration of benefits under the unemployment insurance system, and some further extension of the Federal Old Age and Survivors Insurance system.

Economic security is a legitimate aspiration and desirable objective. But serious questions must be raised as to whether individual and family security would in fact be increased by such extension of governmental social welfare programs.

The OASI system, for example, is still an unproven social experiment. To pretend otherwise is to encourage false hopes of "security" which may be cruelly disappointing. We lack any adequate information on the ultimate cost of the program, on the willingness and ability of employed people to pay those costs, and of the effect of the program on the all-important process of private saving.

How far does the OASI program go toward the socialization of saving, and what will be the result on investment for our growing needs? What will its effects be on the initiative and self-reliance of our population? What will be the effect of such a program on the value of our dollar and hence on the value of the future benefits it promises?

Because uncertainty exists on these and other questions, we must decry the tendency toward continuous and indiscriminate expansion of government-sponsored retirement insurance. Although the original objective of OASI was to provide a "basic subsistence minimum" at retirement, recent revisions have placed the amount of benefits considerably above this level for many participants. In our opinion, this will impair the incentive for individ-

1 These figures apply to profits after taxes, *adjusted for inventory valuation*. If the adjustment for inventory valuation is not made, corporate profits after tax show a drop between 1948 and 1954 of over 2 billion dollars. (See page 189 of the Report.)

uals to provide for their own old age security by their own savings.

Thoughtful people must also feel reservations in regard to recent tendencies in the field of unemployment insurance. The original objectives of the program were to encourage business in its efforts to stabilize employment, and to pay limited benefits to those who have become unemployed through no fault of their own and who stand ready and willing to accept a job if offered. But these objectives have sometimes been lost sight of by eager reformers who have wanted to make the program a panacea for unemployment.

As it stands, the unemployment compensation system is administered by the states. We regard this decentralization as desirable, since each state is able to adapt the details of its program to its own needs. In addition, decentralization offers opportunities for comparison and evaluation of results. Frankly we are disturbed at the presumption, indicated in the President's Report, that the Federal Government can and should recommend general standards of benefits and coverage to all the states. From this it is only a short step to the imposition of such general standards by Federal statute.

The real road to security lies in the expansion of our free-enterprise economy, so as to increase production and to provide continually more opportunities for employment. Government social insurance programs can at best be only a palliative and at worst they can be destructive of the real foundations of security.

* * *

In conclusion, I wish to state that, in my judgment, the Administration has placed a correct interpretation on its responsibilities under the Employment Act of 1946. I am reassured that the President has resisted pleas to have his Council set up in advance a statistical "model" of how the economy may be expected to act in 1955, and to derive from the model mechanical solutions to the problems it predicts. Economic models of this type have a way of predicting "deflationary gaps" which never materialize — as witness our experience with them in 1945 and 1946. Centralized planning, based on presumed governmental clairvoyance, is the opposite of our traditional reliance on freedom of individual action.

Two With Merrill, Turben

(Special to The Financial Chronicle)

CLEVELAND, Ohio—David L. Baker and Paul S. Gilbert have become associated with Merrill, Turben & Co., Union Commerce Building, members of the Midwest Stock Exchange.

J. B. Hanauer Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Nicholas R. Dann has become affiliated with J. B. Hanauer & Co., 140 South Beverly Drive.

Sodak Uranium Stock Offering Completed

Capper & Co., New York City, recently offered to the public as a speculation an issue of 1,200,000 shares of Sodak Uranium & Mining Co., Inc. common stock (par one cent) at 25 cents per share. All of said shares have been subscribed for, it was announced on Feb. 23.

The net proceeds are to be used to pay expenses incident to mining operations, including exploratory and developmental costs.

Continued from page 4

The State of Trade and Industry

sheets. They've been stimulated by the production push of the automobile industry.

Today, it notes, demand for some of the other forms of steel is reviving. Feeling the improvement are makers of plates, bars, pipe and merchant wire. This is good, since it signifies that business is strengthening on a widening front. It gives the steel industry assurance of business support from products other than the light, flat-rolled goods.

Some of the pickup, continues "Steel," is seasonal, but that is good, too. Seasonal upturns in some products help offset seasonal declines in others. If the big automotive industry has a seasonal downturn during the coming summer, the steel industry will be glad to see seasonal strength in others, such as construction.

It's one of the segments of construction that is giving strength to demand for plates. The builders of pipelines are getting ready to dig again, and to supply them the McKeesport, Pa., mill of U. S. Steel Corp.'s National Tube Division is stepping up its work of welding plates into line pipe. Scheduling calls for substantial shipments of pipe to start March 1.

Steel production is responding to the widening demand. In the week ended Feb. 20, output of steel for ingot and castings rose half a point over the preceding week and reached 88.5% of capacity. This gives a yield of 2,135,750 net tons, largest since October, 1953. At some mills and in some districts, steel production exceeds theoretical capacity. Current leader is the St. Louis district where ingot production is at 102.5% of capacity after jumping 16 points in the latest week, this trade journal states.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 89.2% of capacity for the week beginning Feb. 21, 1955, equivalent to 2,153,000 tons of ingots and steel for castings as compared with 89.1% (revised) and 2,150,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 85.0% and production 2,051,000 tons. A year ago the actual weekly production was placed at 1,756,000 tons or 73.6%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Edges Slightly Under Level of Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 19, 1955, was estimated at 9,912,000,000 kwh., according to the Edison Electric Institute.

This week's output reflects a loss of 10,000,000 kwh. below that of the previous week, when the actual output stood at 9,922,000,000 kwh., but an increase of 1,361,000,000 kwh., or 15.9% above the comparable 1954 week and 1,716,000,000 kwh. over the like week in 1953.

Car Loadings Rose 0.5% Above Level of a Week Ago

Loadings of revenue freight for the week ended Feb. 12, 1955, increased 3,124 cars, or 0.5% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended Feb. 12, 1955 totaled 643,859 cars, an increase of 20,153 cars or 3.2% above the corresponding 1954 week, but a decrease of 37,745 cars or 5.5% below the corresponding week in 1953.

U. S. Car Capacity Climbs 4.1% Above Previous Week

The automobile industry for the latest week, ended Feb. 18, 1955, according to "Ward's Automotive Reports" assembled an estimated 174,954 cars, compared with 168,059 (revised) in the previous week. The past week's production total of cars and trucks amounted to 190,010 units, an increase above the preceding week's output of 7,176 units, states "Ward's." Last week's car output is 4.1% above the previous week, "Ward's" notes. In the corresponding week last year 113,659 cars were assembled.

Last week, the agency reported there were 15,056 trucks made in the United States. This compared with 14,775 in the previous yeek and 23,023 a year ago.

Canadian output last week was placed at 7,850 cars and 886 trucks. In the previous week Dominion plants built 7,294 cars and 1,009 trucks.

Business Failures Attain A Five-Week Low Level

Commercial and industrial failures dipped to 205 in the week ended Jan. 17 from 238 in the preceding week, Dun & Bradstreet, Inc., reports. At the lowest level in five weeks, casualties were also down slightly from last year's toll of 215, although they remained well above the 176 which occurred in the comparable week of 1953. Mortality was 30% below the pre-war level of 293 in 1939.

Failures involving liabilities of $5,000 or more declined to 187 from 207 in the previous week, yet exceeded the 184 of this size recorded a year ago. Among small casualties, those with liabilities under $5,000, there was a drop to 18 from 31 both last week and in the corresponding week of 1953. Fifteen of the failing businesses had liabilities in excess of $100,000, as compared with 24 a week ago.

Wholesale Food Price Index Drops Sharply To Four-Month Low

The easier trend in foodstuffs continued in evidence last week, causing a further sharp dip in the Dun & Bradstreet wholesale food price index. The index for Feb. 15 fell to $6.69, from $6.67 a week earlier. This was the third successive drop and marked a new low since Oct. 19, 1954, when it was $6.59. The current level at $6.69, compares with $7.11 a year ago, or a decline of 5.7%.

Moving higher in wholesale price the past week were flour, tea, peas and eggs. These were heavily outweighed by lower prices for wheat, corn, rye, oats, beef, hams, bellies, lard, coffee, cottonseed oil, cocoa, beans, potatoes steers hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Holds to Downward Trend In Past Week

Weakness in some staple commodities resulted in a further slight lowering of the general commodity price level last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to 277.46 on Feb. 15, from 278.73 a week previous. It compared with 275.83 on the corresponding date a year ago.

Grains were irregular and mostly lower for the week, with wheat showing the greatest losses.

Buying support generally was lacking as war fears subsided and tension in the international political situation became easier. Pressure was particularly heavy on wheat, corn, and rye.

Heavy impoundings of wheat under the loan, ordinarily a bullish factor, failed to stimulate prices, it being felt that the amount of free wheat available before the new crop comes in will be quite adequate for all purposes. Substantial declines in CCC stocks of wheat were reported due to continued heavy clearances for export. Activity in grain and soybean futures on the Chicago Board of Trade picked up moderately. Daily average sales for the week totalled 36,600,000 bushels, against 32,500,000 the week before, and 39,200,000 a year ago.

Competition among the big exporting countries led to further sharp declines in green coffee prices this week. Leading coffee roasters also announced further downward adjustments in wholesale prices for their products.

Cocoa continued to weaken under pressure of liquidation and hedge selling prompted by reports that the British Marketing Board was selling cocoa to United Kingdom manufacturers at reduced prices. Raw sugar prices were barely steady as the ending of the four-month-old strike in Puerto Rico brought increased offerings in the New York market. Lard displayed a heavy undertone, reflecting continued weakness in loose lard and the prospect that the run of hogs will continue large for a long time. Hog prices were irregular and slightly lower for the week as were quotations for prime steers. Sheep and lambs were mostly steady.

Trends in the domestic cotton market were mixed with prices showing little net change for the week. Steadying influences included moderate domestic and foreign price-fixing and the outlook for a somewhat tighter supply of cotton.

There was some selling prompted by the steady decline in the movement of cotton into the Government loan.

Net CCC loan entries reported in the week ended Feb. 4 totalled 23,100 bales. Loan repayments in the same week were 37,400 bales, the largest weekly volume for the season thus far. From the start of the current season through Feb. 4, growers have placed 2,104,000 bales in the loan and have withdrawn 238,000 bales, leaving loans outstanding on 1,866,400 bales of 1954 cotton.

Trade Volume Shows Slight Increase For Week Exceeding Like Period of 1954

While there was considerable variation from region to region, retail trade during the period ended on Wednesday of last week was slightly higher than in both the preceding week and the comparable period of 1954.

Purchases for Valentine's Day boosted sales somewhat and merchants promoted many items not traditionally sold as gifts at this time.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be 1% below to 3% above a year ago. Regional estimates varied from the corresponding 1954 levels by the following percentages: Midwest —2 to —6; Northwest 0 to —4; East —3 to +1; New England +1 to +5; South and Pacific Coast +2 to +6 and Southwest +4 to +8.

Although accessories sold well, most women's apparel was in less demand than last week. There were significant decreases in the purchases of coats, suits, furs, Winter sportswear and lingerie. Retailers in some cities reported improved buying of cruise clothing.

Cold weather in many parts of the country boosted the demand for men's overcoats, and sales of haberdashery increased.

Confectionery and bakery products were particularly popular the past week and there were increased purchases of sea food. Housewives continued to buy more coffee, with much of the gain in instant types. Fresh fruits and vegetables were more popular than last week.

Sales of new automobiles remained high, although dealers' inventories continued to increase.

Purchases of home furnishings were below year-ago levels.

The dollar volume of wholesale trade in the week was unchanged from the previous week but considerably larger than in the corresponding week of 1954. Delivery dates were often delayed, and many retailers ordered to increase their inventories.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Feb. 12, 1955, showed no change from the like period last year. In the preceding week, Feb. 5, 1955, no change (revised) was registered from that of the similar period in 1954, while for the four weeks ended Feb. 12, 1955, an increase of 3% was recorded. For the period Jan. 1, 1955 to *Feb. 12, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City last week declined about 3 to 5%. It was reported that despite the loss the showing was creditable, since only ten stores were in operation the past week as compared with eleven in the like period of 1954.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Feb. 12, 1955, registered a decrease of 3% below the like period of last year. In the preceding week, Feb. 5, 1955, a decline of 8% (revised) was reported from that of the similar week in 1954, while for the four weeks ended Feb. 12, 1955, a decrease of 2% was reported. For the period Jan. 1, 1955 to *Feb. 12, 1955 the index advanced 1% from that of 1954.

*Comparison period begins with the Jan. 3-8 week in 1955 and with the Jan. 4-9 week in 1954.

Mutual Funds

By ROBERT R. RICH

8,618 New Accounts Opened in Jan.

Popularity of accounts for regular purchase of mutual fund shares continued to increase during January, when investors opened 8,618 new plans, according to the National Association of Investment Companies which has 117 mutual fund members. In the previous month, 6,882 plan accounts were opened. An estimated 216,000 accumulation plans were in effect on Jan. 31, the Association reported.

Assets of the 117 member mutual funds also increased during January, the Association report indicates, reaching $6,240,767,000 on Jan. 31, a new high, and a gain of $131 million over the 1954 year-end figure.

Investor purchases of new mutual fund shares during January totaled $109,783,000, an increase over December, 1954 purchases, which amounted to $99,858,000. Share redemptions in January rose to $47,299,000 from December redemptions of $35,005,000, the Association reported.

Cash, U. S. government securities and short-term obligations held by the 117 mutual funds totaled $307,903,000 on Jan. 31, 4.9% of assets, compared with $308,701,000 at the end of 1954.

OPEN-END COMPANY STATISTICS* JANUARY, 1955
117 OPEN-END FUNDS*

(In 000's of $)

	Jan. 31, 1955	Dec. 31, 1954	Dec. 31, 1953
Total Net Assets	$6,240,767	$6,109,390	$4,146,061

	Month of— January, 1955	Month of— December, 1954	12 Months of 1954
Sales of Shares	$109,783	$99,858	$862,817
Redemptions	47,299	35,005	399,702

Holdings of Cash, U. S. Government and Short-Term Bonds

December 31, 1953	$263,647
December 31, 1954	308,701
January 31, 1955	307,903

	Month of— January, 1955	Month of— December, 1954	Accumulation Plans in Effect Jan. 31, 1955 (Estimated)
No. of New Accumulation Plans Opened in Period	8,618	6,882	216,000

*SOURCE: *National Association of Investment Companies.*

TOTAL NET ASSETS of Gas Industries Fund as of Dec. 31, 1954 have increased to a new high of $26,918,000 according to the quarterly report issued by the fund. This compares with $22,429,000 a year ago.

James H. Orr, President, stated in his letter to shareholders that the net asset value per share at the calendar year end was the highest in the fund's history, being $24.24 as compared to $19.11 a year ago. This is a 26.8% increase in twelve months.

NET ASSET VALUE per share of The Bond Investment Trust of America at the year end was $22.69, highest in the trust's 29 year history, according to the Annual Report just issued by the Trustees. This compares with $20.96 a year ago, an increase of 8.3%.

Total Net Assets of the Trust as of Dec. 31, 1954 were $6,657,000 compared to $6,356,000 a year ago.

GAVIN H. WATSON, President of the Value Line Fund Distributors, Inc., reported that sales of the Value Line Income Fund and the Value Line Fund reached a new monthly high of $5.2 million. As of Feb. 1, 1955, total assets of the Value Line Income Fund stood at $38.2 million and total assets of the Value Line Fund stood at $10.1 million. This compares with $7.4 million and $7.2 million respectively at the same time last year.

NET ASSETS of the Wisconsin Investment Company on Dec. 31, 1954, amounted to $7,930,260 compared with $5,258,712 a year earlier. Net asset value per share amounted to $5.19 as against $4.05 on Dec. 31, 1953.

National Shares To Split Stock

Stockholders of National Shares Corporation, an investment company managed by Dominick & Dominick, have approved a two-for-one stock split and a change in par value of the stock to $1 per share, according to an announcement by Ranald H. Macdonald, president. It is expected that the new stock resulting from the split will be issued on or about March 2.

Mr. Macdonald also stated that the company is planning to sell 360,000 additional shares of the new stock through a rights' offering to stockholders, one additional share to be offered for each two held. The offering price will be determined later. The company plans to file a registration statement covering the offering with the Securities and Exchange Commission early in March. National Shares Corporation is a diversified closed-end investment company listed on the New York Stock Exchange. As of Dec. 31, 1954, net assets amounted to approximately $16,200,000.

IN THE PAST twelve months, net assets of Financial Industrial Fund, Inc. increased more than $14,500,000. On Feb. 9, 1955 total net assets were $32,730,000 while on the same date in 1954 the net asset figure was $18,225,000. While appreciation in the value of the Fund's investments was responsible for some of the increase in the asset value, much of the growth resulted from the increased investments by old and new investors in the Fund. Monthly Investment Plans under which individuals are investing regularly now total more than $53,000,000.

LARGEST JANUARY sales in Delaware Fund's 16½-year history were reported by W. Linton Nelson, President. The Fund's sales for the month amounted to 821,505, a 125% increase over the sales of $321,862 in January of 1953. Redemption of shares during the month, according to Mr. Nelson, were at the rate of 20% of sales or less than 1% of the Fund's assets, which on Jan. 31, last, totaled $25,947,096.

TELEVISION-ELECTRONICS Fund broke all previous sales records for January and the first quarter of its fiscal year.

Mr. Just reported that January gross sales of $5,423,499 were the largest for any month in the Fund's six-year history and were up 360% over sales of $1,177,838 in the same month a year ago.

Gross sales in the first fiscal quarter also established a new record. They totalled $15,989,608 for a 410% increase over sales of $3,132,931 in the like period last year.

SHARES OUTSTANDING, total net assets, and net asset value of the Massachusetts Life Fund, a balanced fund, all reached new highs in 1954. As of Dec. 31, 1954, the fund reported total net assets of $21,447,280, more than 30% over the previous year's figures of $16,148,335. Net asset value per share at year-end on 612,723 shares outstanding was $35, compared with $28.61 on 564,370 shares a year ago.

Common stocks represented 64% of the fund's total investments at year-end, up from 56% the previous year.

Cash and bonds totalled 27% on Dec. 31, 1954, with preferred stocks representing the remaining 9% of the total portfolio.

In the common stock section, industrials constituted 40% of the entire fund, followed by utilities 16%; banks and finance 3%; insurance 3%; and railroads 2%.

NET ASSET value per share of Growth Industry Shares, Inc., on Dec. 31, 1954, was $37.23, an increase of $11.32, or $43.7% from the year-ago figure of $25.91. Adjusted for capital gains distribution of $0.54, the percentage rise was 45.8%.

Net assets on Dec. 31, last, reached $5,763,800, up 57.4% from $3,661,790 at the end of 1953. The dollar increase of more than $2 million was the largest single year gain in the fund's history. Shares outstanding totaled 154,809 at the end of 1954, against 141,335 on Dec. 31, 1953.

AN INCREASE of $1,250,467 in net assets was recorded by Hudson Fund in 1954, based on a net increase of 14,562 shares of its stock outstanding and net increases in market value of securities in its portfolio.

The increase brought the total asset value of the Fund on Dec. 31, last, to $5,708,874, equal to $14.84 a share on the 384,767 shares outstanding. This compares with total net assets of $4,458,407 on Dec. 31, 1953, equal to $11.91 a share on the 374,371 shares then outstanding.

Affiliated Fund Reports Gains

Affiliated Fund, Inc., reporting for the three months ended Jan. 31, 1955, reveals net assets of $313,295,815, equivalent to $5.82 per share. This is after payment of a capital gain distribution amounting to $14,859,650 (29 cents a share) during the period. Three months earlier, at the end of the Company's last fiscal year, Oct. 31, 1954, net assets were $280,914,822 or $5.49 per share.

Additions to the portfolio during the quarter were American Airlines, Inc., Eastern Air Lines Incorporated, El Paso Natural Gas Co. $4.40 Convertible Preferred, San Diego Gas & Electric Company, Tennessee Gas Transmission Company and United Air Lines, Inc.

Harry I. Prankard 2nd, president, in a summary of the objectives of the Fund states, "The company is operated to make money for its shareholders and to obtain for them more income in the future—not just to preserve what they have, and not to sacrifice income growth for abnormally high current income."

Sales of shares of capital stock in the period amounted to $12,222,964, an increase of 45% over sales of $8,405,608 in the first three months of our previous fiscal year. At the end of the period, shares outstanding were at an all-time high of 53,847,010.

SALES OF Affiliated Fund shares increased 45% in the first quarter of its fiscal year, which began on Nov. 1, 1954, as compared with the same quarter a year ago. Dollar volume was $12,179,055, as compared with $8,405,608 in the same quarter a year ago.

Shares outstanding increased to an all-time high of 53,847,010 from 51,130,740 three months earlier. Of the increase, 2,058,563 represent shares issued in payment of the company's year-end capital gain distribution. Mr. Hughes stated that on Jan. 31, 1955, net assets of the Fund were $313,295,815, as compared with $259,890,647 on Jan. 31 a year ago.

THE $400 million Wellington Fund launched the new year with record gross sales in January of $6,853,499—up 24.7% over those for the corresponding month of 1954, for the second highest sales month in the 26-year history of the big mutual investment company.

Bullock Forecasts Production Index Increase for 1955

Forecasts of improved business conditions received support from a study of the economic outlook made public by Calvin Bullock's Investment Management Department.

Based on a comprehensive analysis, the Bullock analysts foresee a rise in the Federal Reserve Index of Industrial Production to 132 this year from last year's 125.

Gross National Product, which in 1954 totalled $357 billion, is estimated at $369.4 billion this year. The principal components responsible for this increase are personal consumption, with a projected rise to $240.1 billion from $233.7 billion in 1954 and private and domestic investment to $49.2 billion from last year's $45.9 billion.

The pattern foreseen for 1955 indicates a fairly rapid rise in output during the first half year and stability thereafter, the study stated. This level of economic activity would indicate that this year corporate profits after taxes would increase about 8.5%.

On the basis of past relationships, according to the study, the increase in corporate profits might increase earnings on the Dow Jones Industrials from an estimated $27.30 in 1954 to $29 this year, and dividends from $17.06 to $19, with a payout of less than two thirds of earnings.

"The trend of inventories is a very significant factor in the level of unemployment, "the study stated. "Our estimate is for a 3.45% increase in Gross National Product, and therefore it seems quite possible that during the summer, when the work force is swelled by those seeking summer jobs, unemployment could approach the four million mark.

"The trend of business inventories might be the deciding factor. A $1 billion increase in the annual rate of inventory accumulation might require 175,000 to 200,000 additional workers and quickly lower the unemployment figure.

"The trend of unemployment will have a decisive effect on Federal Reserve credit policies."

I. D. S. Earnings

Net earnings of Investors Diversified Services, Inc. including undistributed earnings of its wholly owned subsidiaries in the twelve months ended Dec. 31, 1954 amounted to $10,761,000 or $7.40 per share, compared with $7,908,000 or $5.44 per share in the year 1953, according to preliminary figures released by the company today. Non-recurring tax adjustments, permissible under the new internal revenue code, which amount to $1.33 per share, contributed to the record high income.

TOTAL NET assets of Mutual Trust at the close of the market on Feb. 1, 1955 was $4,933,963.82, as compared to total net assets on Feb. 1, 1954 of $3,250,048.50.

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The Security I Like Best

offices in almost 100 U. S. cities and about 17 Canadian cities, is a leading manufacturer of equipment in four fields — air conditioning, heating, ventilating and heat transfer equipment of various special types. The link between these various fields is the science of heat exchange. Basically, each of the four fields represents a different facet of heat exchange with marked expansion potentials related broadly to population growth. Air conditioning is growing at a quicker rate than the heating business and now provides close to 50% of Trane's sales dollar.

Trane regards itself as "an organization of manufacturing engineers" and, therefore, places great emphasis upon research and development work. Recently, the company completed a $1 million laboratory building which will assist in the program to create new products and improve existing ones. The emphasis on engineering is underscored by the company's statement that one out of five employees in the home office is an engineer—the result of a well-developed training program.

Consistent with its engineering background, Trane has directed its efforts toward the manufacture and sale of engineered installations both in the heating and air conditioning field. This specialization has kept the company out of the room air conditioning field which the management regards as an interim device and a business far too easy to enter with emphasis on merchandising rather than engineering. Thus, Trane did not suffer from the glut of room air conditioners which occurred in 1954 and hurt the sales of many companies.

Sales of The Trane Company rose from $13.8 million in 1946 to $45.5 million in 1953, an increase of about 229%. For the first nine months of 1954, sales were $36.9 million compared with $33.1 million for the first nine months of 1953 and are expected to total about $50 million for the full year of 1954, with a further gain likely in 1955.

Earnings per share in 1946 were $1.03 and in 1953 were $1.79 (both figures adjusted for 100% stock dividends distributed in 1954 and 1951). For the first nine months of 1954, earnings were $2.07 a share compared with $1.22 for the comparable period of 1953, an increase of about 70%, reflecting improved sales and reduced taxes. For 1954, earnings are projected by the company at about $2.70 a share, an increase of about 50%, compared with 1953 earnings of $1.79 a share. Further improvements are expected to be shown in 1955. A contract was recently awarded for the construction of 56,000 square feet of plant in 1955 with a similar project planned for 1956 which would increase floor space to 225,000 square feet.

The capital structure is relatively simple, with about $2.5 million of debt and 1,200,000 shares of $2 par common stock. The balance sheet position has consistently been satisfactory with total current assets well over twice total current liabilities.

Dividends are presently being paid at the rate of $1 a share. This conservative dividend rate is, of course, a reflection of the company's expansion program which requires that earnings be plowed back as much as possible.

At present levels, the shares are selling at about 20 times estimated 1954 earnings. This high ratio obviously reflects some discounting of future possibilities, but the potentials of the situation and the expectation that Trane will continue in the forefront of developments in its field, indicate that the shares continue to have considerable appeal for accumulation for capital gain over the longer term. The stock is listed on the Midwest Stock Exchange.

Personal Progress

MILAN D. POPOVIC has been elected to the board of directors of Blue Ridge Mutual Fund. Mr. Popovic will continue to serve the fund as Vice-President, in which capacity he was connected with it since its inception.

GEORGE K. McKENZIE, Old Greenwich, Connecticut, a vice president and secretary of The Flintkote Company for the past 10 years, has been elected a director of Fidelity Fund, to fill the vacancy created by the resignation of Theodore G. Patterson. Mr. McKenzie is a member of the American Bar Association and also President of the American Society of Corporate Secretaries, Inc. It has been understood for the past year that Mr. Patterson would remain as a Fidelity Fund Director, pending the completion of various personal arrangements. Mr. Patterson has now accepted a partnership with Preston, Moss & Co. of Boston, Mass., and desires to devote more of his time to their interests.

J. HARRIS WARD, Vice-President of Commonwealth Edison Company, was elected a director of The Stein Roe & Farnham Fund at the annual stockholders' meeting held recently. Harry H. Hagey, Jr., Fund President, announced Mr. Ward's election, bringing the board to eight members.

TELEVISION SHARES Management Corporation, announced the appointment of Carel van Heukelom as Vice-President.

Mr. van Heukelom has been associated with the management organization since March, 1953. He has represented Television-Electronics Fund in New York City, Philadelphia, Baltimore, Washington, D. C., and abroad and will continue in this capacity.

BOARD OF DIRECTORS of Investors Diversified Services, Inc., have just announced the following changes in officers of the company:

A. Edward Archibald has been elected Director-Management Controls. He comes to the company from the Volunteer State Life Insurance Company of Chattanooga, Tennessee, of which he was vice president. He was born in Seaforth, Ontario, and is a graduate of the University of Toronto. He holds the professional degrees of Fellow, Society of Actuaries (F. S. A.), and Associate, Casualty Acturial Society (A.C.A.S.).

Joseph E. Smith has been elected Director-Securities Division, succeeding H. Vincent Flett who has resigned. Mr. Smith comes to I.D.S. from Union Securities Corporation, New York, where he was assistant to the president. He is a graduate of Lawrenceville School and attended Princeton University prior to serving in the United States Army.

William L. Read has been elected Treasurer of Investors Diversified Services, Inc., to succeed Harry C. Thompson who has resigned as of March 1. Mr. Read has been with the company for several months. Previously, he was associated with the First Southwest Company, investment bankers, in Dallas, Texas, and with the investment banking firm of A. G. Becker and Company, Chicago, Illinois. He is a native of the Middle West, born in Des Moines, Iowa, and was graduated from Princeton University and Harvard Law School.

Guy Lemmon, longtime executive specialist in the investment department of I.D.S., has been named Manager, Private Placement Section—Securities Division.

Gustave R. Nubel, senior analyst in the company's investment department for many years, has been named Manager, Research Section—Securities Division.

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"American Business—Unlimited"

and rave against our big men and our big corporation always fail to tell you that they do **increase** products and jobs and **decrease** prices to the public. How much higher would the cost-of-living be today but for mass producing machinery?

And yet, any straight thinking laboring man can see that this advent of machinery has not been to the detriment of the man who toils, but rather to his everlasting benefit. Machines do **not** reduce jobs — they make **more** jobs for **more** people and permit **higher** wages. The typewriter temporarily threw a lot of penman out of work—but it now makes jobs for hundred of thousands of stenographers. In 1900 there were 29 million jobs in the United States and today there are about 63 million and most of them are due to machinery. Livery stables used to employ 100 thousand men but automobiles now make jobs for over four million. In 1940 General Motors employed 249,000 people and 13 years later over 551,000. In 1941 Ford hired 128,000 workers and 12 years later, 185,000. General Electric now hires over 45,000 new people making products which didn't even exist only 11 years ago.

Every labor-saving machine that **Brains** has ever produced has increased the country's wealth, and this new wealth has built more industries and made more jobs—and don't forget that it takes about $12,000 of somebody's capital investment in plant and equipment for every worker's job. We have more capital investment and more machinery now than ever before —and with it all **more** products, **more** jobs, and **higher** wages. Today we have more automobiles, more telephones, radios, and a host of other products in America alone, than in all the rest of the world combined. Harlow Curtice tells us we can now put 163 million people on the road at one time —with all the back seats empty. They say we now have an automobile for every horse in the country — (and sometimes I think for every jackass too — the way some people drive). And this reminds me of the Minister who said we should sing hymns while driving our automobiles. At 45 miles per hour we should sing "Highways are Happy Ways"; at 65 miles per hour "I'm but a Stranger here, for Heaven is My Home"; at 75 miles per hour "When the Roll is Called up Yonder, I'll be There"; and at 85 miles per hour "Lord, I'm Coming Home."

There's No Substitute for Courage

But after all, every young man must know that neither **Capital** nor **Labor** nor **Brains** will ever develop a substitute for personal **courage**. Obstacles appear at every turn in the road—and obstacles are things to test the stuff we are made of. You can't win all the time in any line of endeavor. The best baseball team in the world loses from 50 to 60 games a season. Frank Woolworth worked hard to save his first $50 and then saw three of his first five chain stores absolutely fail. Cyrus H. K. Curtis **lost** over $800,000 on the "Saturday Evening Post" before he could make it pay a single dollar of profit. Du-Pont worked 11 years and spent $27 million before the first round of Nylon was sold. Frank Munsey's remarkably successful career, after repeated failures, might be tersely described as: "40 failures, 40 successes, 40 millions." Abraham Lincoln suffered one failure after another—was badly defeated in five different elections promotes our industries, furnishes our jobs, creates our wealth, and passes prosperity around—and it was **Private Enterprise**, not Government, that emancipated men from slave wages and gave every citizen a chance to rise and win his share of God's blessings to mankind.

Labor, Capital and Brains

Looking 25 or 30 years ahead we can see twice as much production as we have today. Where will it all come from? — from **Labor** and **Capital** and **Brains** and from ever-improving **cooperation** between all three of them.

And here again, these three forces, like the industries they promote, are also dependent one upon the other. Labor can't get anywhere without Capital and Brains—and Brains can't get anywhere without Labor and Capital. It is all very well for Labor or Capital to deny the power of Brains and attribute all progress to itself—but did either ever stop to think that we can now telephone from Saginaw to San Francisco not because of Labor, and not because of Capital—but because of the **Brains** of Alexander Bell. These politicians who rant —and finally became our country's greatest man.

An so, out of this little study of American business and the characteristics of the men who have risen to the top, we learn **three** well tested ideas to take home with us:

1st—For a man to succeed in business he must practice the formula of **thrift, hard work** and **old-fashioned honesty.** There is no other way.

2nd—For a corporation to succeed in business it must develop and maintain **cooperation** between **Labor, Capital** and **Brains.**

3rd—For a Nation to keep itself strong and provide ever improving standards of living for its people, it must encourage **Private Enterprise** and discourage Government ownership and controls. History records not one single case where Government planning ever raised the standards of living of **any** people.

And now, just one more thought and I am through. Don't let any politician tell you that business is not dependable. The history of American business is but the history of the growth of high ideals, of men's confidence in one another, until today over 90% of all our country's billions of dollars of business per year is done, not by the exchange of money, but by the exchange of little pieces of paper on which honest businessmen sign their names. "This (as Bruce Barton says) is the magnificent edifice of American business—a 'Temple of Trust.'" And the wonderful thing about it all is that you and I and every businessman, large or small, in every town in every state in the Union, has a chance to make this "Temple of Trust" a little stronger and nobler by his living—or, if he chooses, a little weaker and more insecure. These young men of today as they become our business leaders of tomorrow will find it a little easier to trust each other —or a little harder—by your conduct and mine.

And so, as good Americans who love our country and want to pass on its blessings to the generations yet to come, let us get behind the trustworthy President we have in Washington today and take an **active, hard-working, fighting** part in his great constructive crusade to **preserve** for America **efficiency, solvency** and **morality** in Government. Thus will our good old "Ship of State" sail proudly on—in good times and in hard times—safely and surely—to ever enlarging **strength** and **freedom** and **progress.**

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As We See It

the effect of stabilizing the prices then ruling in this country. But the fact is that the New Deal idea of managing the internal economy of this country to suit our own convenience was and is quite inconsistent with freedom at the border. All such systems, as their originators—notably Lord Keynes — saw and admitted, could succeed, even logically, only in a "closed economy" — that is to say one which is effectively sealed against influences from abroad which would not necessarily be in conformity with plans at home.

Full Employment Law

Since that time we have enacted a so-called full employment law, and many other nations are committed to the philosophy which dictated that measure in this country. The inveterate habit of politicians in this country of paying homage at frequent intervals to this measure and the notions it embodies makes it clear enough that they are still saturated with the notion that the Federal Government can somehow see to it that no great amount of unemployment develops in this country, and is indeed committed to such a course, But policies of various sorts which may be designed to reach this end, indeed be essential to some such end in this country, frequently would not be well designed to promote the same end in, say, Britain, or France, or Holland, where essentially the same ends are sought by their governments. Moreover, such steps as would be taken for this purpose are often quite ineffective or dangerous in the presence of free competition by foreign producers.

There is no reason to doubt that considerations of this sort finally and slowly arose to consciousness in the long discussions which began late in 1953 and extended throughout the earlier months of 1954, when, on the surface at least, the prospect of some form of international convertibility of currencies seemed better than for some time. In Britain the Labor Party evidently understood the implications of some of these proposals and used them as a means of embarrassing the government. While not a great deal was always said about it directly, it is clear enough that in other countries, too, including the United States, the old conflict which came to the fore in London in 1933 made itself felt. New Dealism, Keynesianism, and all the other isms (including communism) which aim at managing or controlling business for the purpose of promoting the general welfare in defiance of natural forces are thus seen to be quite basically in conflict with "one world-ism."

But last week we were again reminded that other groups with other ideas and objectives were about equally opposed to a return to greater freedom in international economic dealings. A rather lame and often impotent scheme for reducing tariff barriers, devised by the New Dealers largely for the purpose of avoiding a direct and forthright facing of the issue by the people of this country, was before Congress. It was to continue the authority of the President to take action which always arouses all sorts of opposition when undertaken by Congress. The measure finally won in the House after both the President and the leadership of the Democratic party had been obliged to exert their utmost influence in its behalf. But in the course of the measure through the House several developments made it plain as a pikestaff that protectionism is widespread not only among the so-called die-hard Republicans but among the Democrats, many of whom come from states which in earlier times were strongly free trade.

Against Tariff Reductions

We should find the situation basically different if we could discover evidence that the opposition to this measure was primarily based upon objections to the grant of this power to the Executive. No evidence of this sort, however, appears in what has taken place in Washington during the past few weeks. On the contrary, the forces which aligned themselves against this measure apparently were against it for the plain and simple reason that they were strongly, even violently, against any reduction in tariffs or any other concessions which might make it easier for foreign producers to enter our markets in competition with American manufacturers.

It remains to be seen what the Senate will do with this measure. It is generally believed that those groups most opposed to anything of the sort are stronger in the upper house than in the lower branch of the national legislature. One can scarcely doubt that the measure will arouse strong, even bitter, opposition there. It is not easy at this writing to be certain precisely what the net effect of defeat or emasculation of the measure would be. Certainly no relaxation of our restrictive tariff rates could come of it. The question that naturally would then arise —in fact it has already arisen—is this: What of the other measures and policies of the Administration, which depend for their ultimate success upon a greater willingness on our part to permit foreigners to enter our markets upon a competitive basis?

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New Dimensions in Air Transportation

the Commission. From what I have seen of our own overall Transportation Subcommittee report, of which the MATS study is but a part, the work of the Hoover Commission must be viewed as a constructive contribution to the country as a whole.

Airlines Now Have Popular Support

There is considerable interest in the airlines today. This is pointed up by the fact of this meeting on the industry. This popular support has not always been present. The airline group has gone from one extreme to another in alternately enchanting and disenchanting investment interest. I hope the enchantment stage is here to stay as the certificated scheduled airlines now possess considerable substance and have great opportunities to offer the discriminating investor willing to assume normal risks.

Certainly, a fuller appreciation of the industry's current position and the conditions which influence its outlook may make for more realistic continuing appraisals and will be beneficial to both the airlines and the investor.

As with most all things, there are two sides to the airline coin. The more favorable factors now dominate and receive all the emphasis in current airline investment circulars. But unfavorable elements also exist and they should be recognized for the threats they pose. I hope to discuss the favorable AND unfavorable factors which underlie the industry's future so that the group may be placed in proper perspective.

Airline Groups

As you know, there are three major certificated airline groups:

(1) Domestic trunks,

(2) International carriers, and

(3) Local service or Feeders.

The major public investment interest is concentrated in the trunks and international airlines, and my discussion will be devoted primarily to the first category.

The airlines have demonstrated a rapid growth, achieving progressive new peaks in traffic from year to year. Despite the phenomenal gains achieved thus far and which has seen domestic trunk revenue passenger miles increase from 41 million in 1929 to almost 16 billion in 1954, dynamic growth tendencies remain very pronounced in the industry's future.

The airlines have done much more than make inroads upon the established inter - city market formerly the dominant province of the rails and buses. Last year, inter-city passenger miles for the railroads aggregated some 25 billion, with the bus lines chalking up another 18 billion. Adding the local service lines to the trunks, domestic airline traffic totaled almost 16½ billion, which represented about 65% of rail and some 90% of bus. It is significant that, while total inter-city travel (excepting automobile) decreased in 1954 as compared to 1953, air travel was able to forge a cleancut gain of better than 10% in this declining total market volume.

Stated in more graphic terms, certificated domestic airline traffic just about equaled passenger volume chalked up by the railroad coach last year. And railroad coach volume is more than twice first-class rail travel as carried in Pullmans. The airlines' first-class service first exceeded Pullman volume in 1952.

Domestic trunk airlines as a whole increased their passenger miles during 1954 over 1953 by 10.5%. While this may not appear as impressive as the 20% to 25% annual gains recorded by the industry during its earlier years, the steady uptrend in airline travel nevertheless continues. With each succeeding year the base upon which the rate of growth is calculated obviously becomes larger. Also, there is the tendency of the rate of growth to level off somewhat as the degree of penetration of the total market increases. Nevertheless, with or without statistical adjustments, there is no end in sight as to the dynamic growth tendencies of air transportation.

Gains in Air Travel

The largest gains in air travel have been generated by coach traffic. Initiated late in 1948 by one airline, air coach has since broadened substantially, now being offered by 10 trunk carriers. In 1949 some 249 million revenue passenger miles were flown on air coach schedules. For 1954, more than 5.6 billion revenue passenger miles were estimated and represent a gain of about 2,250% in six years. From less than 3% of the total domestic airline market in 1949, air coach now accounts for some 34% of the industry's total. It is growing and in a year or two may easily represent the greater percentage of airline volume.

Of course, coach contributes less in revenues due to its lower fare structure. Currently, air coach tariffs average around 4.3 cents per passenger mile. There are variations in the coach rates themselves, with the lowest tariffs for night schedules and slightly higher fare for day flights. First-class fares generally average around six cents a passenger mile. Here too, adjustments due to family fare and other promotional tariffs serve to reduce the average first-class fare to around 5.6 cents.

Considerable more leverage—both up and down—is present in air coach business due to the pronounced seasonal characteristics of this traffic thus far.

Passenger revenues predominate for most domestic trunks and represent the prime element in the sharp gains in volume recorded by the industry. For 1954, of the total gross revenues, reaching almost $1 billion, passengers accounted for about 86%.

Despite the steady increase in airline travel and revenues, operating earnings have been declining for three successive years. For 1951, with an all-time high of $105.9 million, net operating income declined to $95.1 million for 1952, $88.1 million for 1953, and to an estimated $80.3 million for 1954.

The answer to this condition may be found in the narrow profit margins which have plagued the industry. In effect, the industry has had to keep gaining traffic to stand still in earnings. The low fare structure of the airlines is directly responsible.

As to price, air transportation fares have remained virtually unchanged in absolute dollar terms. However, adjusted to the changing purchasing power of the dollar, air fares today are substantially lower than those prevailing in 1939.

It has been a remarkable accomplishment for the air transport industry to provide vast improvements at lower prices. This has been done in the face of rapidly increasing operating costs on all fronts. For example, average airline wages and salaries in 1953 were up some 115.0% over 1940. Similarly, costs of gasoline and other supplies have risen sharply.

Technological progress in the air transport industry has been able to absorb such increases. While such gains will continue, profit margins are faced with a tightening squeeze on all operating cost fronts.

The Fare Structure

Accordingly, careful attention should be directed to the fare structure. The industry as a whole would like to obtain some upward fare adjustment. The CAB now says, "No." If and when some segments of the industry run into rough financial weather, fare relief may be more readily forthcoming, but by that time considerable damage may have been done.

The airlines are also being hurt —temporarily at least — on the mail pay side. As you know, the domestic trunk airlines, for the most part, are no longer subsidized. Mail compensation for the larger domestic airlines is now on a temporary rate basis of 45 cents a ton-mile, subject to a final determination in a proceeding now underway. While there may be slight adjustments in this rate, up or down, for the separate carriers, the net effect of this particular action is of little consequence to the airline outlook.

Flying "First Class" Mail By Air

Far more important are the consequences of the "experiment" in flying first-class mail by air over selected route segments first in the East and later on the West Coast. For this experimental operation, the airlines receive compensation averaging 18.66 cents to 20.04 cents per ton-mile. Started in October 1953, this service has now been authorized through December 1955. It is most noteworthy that all of the mail offered by the Post Office to the participating airlines in this nonpreferential service was accepted and none diverted to the rails.

Everyone has expressed great satisfaction with this experiment, including the participating carriers and particularly the Post Office Department. But why shouldn't the Post Office be happy? According to its own cost ascertainment report, the Post Office has received from the public $2,310 a ton for transporting this mail. After paying the airlines, the Post Office has been able to retain more than $2,000 of this amount as clear profit.

The railroads are disturbed by this diversion. And, while my friends in the industry may disagree with me, I think the airlines should be disturbed, too. At first the carriers took the view that revenue from this first-class mail was "gravy" as virtually little in additional expenses has been incurred in the process. In other words, this business is regarded as a by-product and accorded treat-

ment on an out-of-pocket basis. But I remember air coach started on a by-product basis. Now the same air coach fare structure is firmly entrenched and can be adjusted only with considerable difficulty.

Then, too, as the first-class-by-air "experiment" continues to demonstrate its effectiveness, a considerable volume which in the past has moved in the regular six cent air mail service may be diverted to the non-priority but nonetheless effective air service taking the three cent first-class stamp. obviously, this will reduce the volume of the higher paying mail available to the airlines at a now going rate of 45 cents a ton-mile.

Further, what is to stop the Post Office to press for reductions in the "regular" rates of 45 cents a ton-mile being paid for preferential air mail?

If properly priced, the first-class-mail-by-air movement can be most beneficial to the airlines. A rate of 30 to 35 cents a ton-mile would be desirable and helpful. The way it is being handled now merely exerts another squeeze on profit margins.

Remember, there is considerable leverage in airline operations. A wide segment of operating costs does not readily permit material cutbacks in periods of declining business. Further, in many cases the measure of debt imposes relatively large prior charges on the operating revenues of the industry. It is these factors which sometimes exercise major elements of instability on airline operations, i. e., traffic declines tending to magnify earnings shrinkage.

These very same conditions inherent in the leverage factor, however, cause earnings to mount very rapidly during periods of rising traffic volume. In other words, once a breakeven point is reached, the major portion of all additional revenues generally flows through to net.

It may be argued that one reason why operating costs squeeze profit margins is due to heavy depreciation charges. It is true that depreciation charges have increased, but they have remained fairly stable in relation to total operating expenses. For exampls, in 1947 the domestic trunks accumulated total depreciation charges of flight and ground equipment of $42.3 million which represented 11.4% of total operating expenses. In 1953, this same group showed total depreciation of $87.8 million but it represented only 11.1% of total expenses. For 1954, this group's depreciation items are estimated at around $96 million, or less than 11% of total expenses.

Nevertheless, there can be no doubt that airline operations have reached the stage where these heavy "non-cash" deductions generated by depreciation and related charges do provide a measure of inherent strength.

The self-generation of funds has now reached such measures as to develop into formidable proportions and to assume a major impact on the industry's future financial development.

Equipment Acquisitions

Many of the major airlines are completing their current equipment acquisition programs this year. Depreciation charges should therefore rise higher than the 1954 experiences, thus further augmenting "cash-flows" above and beyond reported earnings.

The condition of heavy depreciation write-offs for the airlines obviously points up the substantial additions to their equipment accounts accomplished in recent years. For example, the domestic trunklines increased their total assets from $387 million at the 1946 year-end to more than $815 million at Sept. 30, 1954.

In expanding their equipment fleets, the industry has had to obtain considerable new capital funds to finance their programs. Such financing has been accomplished through the issuance of new equity securities and debt obligations. Most of the debt has been of a self-liquidating nature and placed with private lenders such as insurance companies and banks. In this process, coupled with retained earnings, equity or net worth positions have also been strengthened and broadened by considerable margins. For instance, at the 1946 year-end, the same group of airlines had a net worth position of about $182 million. By Sept. 30, 1954, this had about doubled to around $359.4 million.

Contrast this, if you will, to the statement made in very first article on the airlines published on July 18, 1938 ("Barron's") which showed that it would have been theoretically possible to have purchased all of the equity issues of the U. S. air transport industry for less than $35 million.

The net effect of these major transitions has been to place the capital base of the industry on a much higher plateau than at any time in the past. This places the group in a much better position to undertake any subsequent major capital expenditures with little, if any, recourse to more equity financing.

New Capital Demands

There is considerable discussion and perhaps some apprehension in investment circles as to the new capital demands by the airlines arising from the likely acquisitions of new aircraft, turbo-props or pure jets, and other equipment modernization programs. One authoritative estimate places the amount of such expenditures at upwards of $1½ billion during the next 10 years. This appears entirely plausible. However, instead of despairing and viewing this as a black cloud on the airlines' horizon, I regard this prospect as a most encouraging development for the industry. It is a positive manifestation of the dynamic growth qualities of the airlines. If the traffic, actual and potential, were not present, there would be no need for augmenting existing equipment fleets and lower market prices would soon reflect a dormant or even declining trend.

I don't recall reading of any wails of despair from the financial community when the railroads during the 20s were issuing series after series of equipment trust notes to finance new freight car purchases. The traffic was there, they needed the equipment; the money was forthcoming. Despite a declining inventory of freight cars and their cumulative aging, you see no widespread demand from the railroads for new equipment. Why? Look to the longer-term trend of carloadings for your answer.

An investor who is apprehensive of the expansion lying ahead for the airlines should take his money elsewhere for some liquidating enterprise. Perhaps he should buy into a coal mine. With patience and good fortune he may in time receive depletion returns and take comfort in the thought that his assets are safely imbedded in the ground.

Airline management today would not be going ahead with any new extensive capital expansion programs unless there were a solid basis for traffic supporting this new equipment. Nor would they be likely to buy any new aircraft unless it incorporated the latest technological advances and possessed qualities of improved efficiency and economy of operations.

The same airline management teams which have done a superb job in bringing the industry to its present preeminent position will make the decisions on new equipment. And you may be certain that they are fully cognizant of their responsibilities and the impact of any decision they may make in selecting new equipment. It would be most reassuring to an onlooker to see the thoroughness with which the top men in the separate airlines have explored the equipment problem.

As a result of close personal observation, I can tell you that none of them part with a buck very easily. So, when it comes to new equipment programs running, individually, to $50 to $100 million, or more, in commitments, you may feel confident that it has received mature and deliberate consideration.

The course of any widespread new equipment buying is worth exploring in more specific terms. In the first place, extensive aircraft acquisitions are not likely to occur at one time but will most likely be staggered over an extended period. Industry sources indicate that new turbo-props may be purchased by one or two airlines with initial deliveries at least three years away. (This excludes, of course, the $67 million purchase by Capital of 60 British Viscounts with 12 scheduled for delivery by the end of this year.) Perhaps before 1955 is over, a pure jet may be ordered for commercial transport operations. Deliveries for such orders may not start before 1960, with 1961 the more probable as the initial year when such equipment may be received and the bulk of payments required.

It is important to bear in mind that, initially, jets will argely represent a **supplement** to existing aircraft fleets. Strong growth trends and the pliable nature of traffic flows make difficult any projection of precise equipment demands five or six years hence.

Certainly, any orders for the turbo-jet will not necessitate a plane-for-plane replacement of present type aircraft. Schedule patterns and route segments to which straight jets can be economically adapted would indicate that these new jet transports could be held within about 15% of the total number of four-engine conventional aircraft in service at the time. This would mean about 15 units as the most any major trunk carrier would acquire. Even at an outside price of around $5 million per unit, the attendant financing requirement would not be too serious an obstacle to overcome for the carriers likely to make such purchases.

The broader capital base of the industry, the generation of internal funds, plus supplementary interim debt financing of a self-liquidating nature should be able to handle the bulk of any new initial jet transport acquisitions in the foreseeable future.

The Threat of Duplication of Routes

What can prove to be far more serious to the airline industry, and which has not received the attention it deserves, is the threat of widespread duplication of existing route patterns.

At the present time, there are four major route proceedings coming down the track in the domestic field. (This is in addition to pending proceedings covering international cases.)

Any new route authorizations coming out of these four domestic cases are bound to intensify competition in the industry. It is highly conceivable that a far-reaching award may importantly shift traditional relationships and and standings among the major carriers.

Not only are existing certificated airlines battling for new routes among themselves, but the industry as a group is faced with a determined drive by a few non-scheduled carriers to gain the respectability and protection that goes with a certificate of public convenience and necessity. This new group, if they had their way, would only serve high-density traffic points.

Definite contradictions in policy immediately appear. In the first place, the existing intensive competitive practices of the airlines have led to the abnormal low fare structure, and also has brought air service throughout the country. Secondly, the Administration, through the CAB and its Air Coordinating Committee, is strongly on record to encourage mergers among the airlines so that there will be less of a drain on the Government. Certifications of new air carriers or extensive extensions of new routes will move in the opposite direction and defeat the objectives designed to be obtained by mergers.

Any indiscriminate awarding of new route operations will not only set up potential demands for increased subsidy drains on the Government but can also seriously undermine the financial stability of the industry.

The four major domestic route cases involved are as follows:

(1) New York-Chicago Service Case.

(2) Service to Denver Case.

(3) Additional Southwest to Northeast Service Case.

(4) New York-Florida Proceeding.

They are worth watching.

Examiners' reports are now being awaited in the first two named cases with the other proceedings much further behind. It may be late this year before any final determinations may be forthcoming.

With the experiences of certain over-certifications in the past before it, there may be reason to believe that the Civil Aeronautics Board will act with considerate wisdom in these new route proceedings. It has within its power the orderly development of air transportation thus providing adequate service to the public at least cost to the Government while maintaining financial stability of the industry.

So much for the broad aspects of the factors influencing the air transport industry.

The Near-term Aspect

For the near term, we may expect airline earnings to look very good. With traffic in many instances running some 30% ahead of a year ago earnings for the current first quarter and probably for the first half will look good in themselves and stand out even better in comparison with the very poor reports of comparable periods of last year. There is a tendency for some costs to stabilize somewhat at present, thus permitting leverage in airline operations an opportunity to work its beneficial effects on the upside. But pressures in higher operating costs such as from wage increase demands exist and may offset some of the present gains.

Despite the problems facing the industry, given a healthy regulatory climate, the airlines are capable of overcoming the obstacles ahead and establishing a higher plateau of stability and earnings surpassing anything seen in the past. The air transport industry because of its character will continue to contain a number of uncertainties and unknowns. It is this uncertainty, however, which will afford interesting profitable investment opportunities to the discriminating among the separate companies. But, as with all investments, and particularly in the air transport group, because of fast-moving events, constant vigilance is required.

Chernow, Gang & Chernow Formed in New York City

Chernow, Gang & Chernow, Inc., has been formed with offices at 44 Bowery, New York City, to engage in a securities business. Officers are Israel Chernow, President; Emanuel Gang, Vice-President; and Rubin Chernow, Secretary-Treasurer.

Two With Coombs

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Etienne S. D'Artois and Merl K. Deena have joined the staff of Coombs & Co. of Los Angeles, Inc., 602 West Sixth Street.

Butterfield Adds Two

(Special to THE FINANCIAL CHRONICLE)

JACKSON, Mich. — Clair P. Conklin and Len E. Dietz have joined the staff of H. H. Butterfield & Co., Jackson City Bank & Trust Company Building.

William W. Cumberland

William W. Cumberland, adviser to the State Department, and a partner in Ladenburg, Thalmann & Co., New York City, passed away Feb. 20 at the age of 65 following a long illness.

Protectionism vs Self-Help

"The total estimated expenditures in 1956, not including obligations for the future, for all Asian economic assistance will be about $585,000,000 as compared with about $500,000,000 to be spent for economic aid in Asia in the present fiscal year. So, while the estimated over-all actual spending for economic aid increases slightly in Asia, the over-all foreign economic aid program is still decreasing.


George Humphrey

"This is directly in line with this Administration's conclusion that we can best serve the cause of the free world by helping its members to help themselves through selective development programs in which private investment can play a major role." — Secretary of the Treasury, George M. Humphrey.

We certainly need to begin at least to get out of this business of trying to buy world peace and friendship; but this policy of "helping them to help themselves" has some strong protectionist opposition—whether we realize it or not.

Continued from page 6

Capitalism and Militarism

spoils of war. Alexander, Caesar, George III, Napoleon, Hitler equated their power with the extent of their empires. American imperialists eyed Canada in the War of 1812, California in the Mexican War, the West Indies and the Philippines in the Spanish-American War. Land booty still intrigues the interventionists. Land to occupy, rehabilitate, aid, and protect. Land to "democratize" and to bring the blessings of industrialization (on a statist order).

Military expansion satisfies the ego of politicians. The World Wars and Korea did not pose threats to the immediate health and safety of the nation. They were holy wars. America was to be a saviour. We were fighting for principles — "democracy," "four freedoms," "collective security." It was problem-solving on a grand scale.

Politicians have found war helpful in externalizing their internal troubles. In the 1860's Napoleon III was afraid of his rising unpopularity and a developing opposition. He felt he needed a dramatic military triumph. So taking advantage of the Civil War in America he intervened in Mexico and installed the ill-starred Maximilian as emperor, who was later executed by the Mexicans. Kaiser Wilhelm may well have been further impelled toward war by the sharp criticism of the Marxist Social Democratic Party, the largest party in Germany after the 1912 elections.

Why did Roosevelt become so anxious to enter the European war? Jesse Jones of Roosevelt's cabinet wrote: "Regardless of his oft repeated statement 'I hate war,' he was eager to get into the fighting since that would insure a third term."[8] Frederick Lewis Allen, a not unfriendly critic of the New Deal, wrote of the dilemma of the Roosevelt Administration in the late '30s in his "Since Yesterday":

"There were 9½ million unemployed. The colossal enterprise of work relief was becoming every day more clearly a tragic makeshift. . . . Now at last it looked as if the New Deal was really through. It had played its cards, and had no new ones to offer. The country was manifestly wearying of economic experiment. The social salvationists were losing their zeal for legislating prosperity. Now, like Roosevelt himself, *they had become tense with excitement about foreign affairs*, and had half forgotten the dismal, unsolved problems on the domestic front. Yet the secret of prosperity still remained unsolved." (Italics added.)

(2) **Bureaucrats:** War is the business of generals and admirals. It is their very life. Campaigns are chapters in their diaries. Battle ribbons and medals are symbols of their baptism and valor under fire. War games between Blue Army and Green Army are interesting but nothing like the real thing. In peacetime generals and admirals are simply bureaucrats in uniform.

War breaks the inevitable monotony and lethargy of peacetime. And, importantly, war means swift promotion. According to seniority and manning tables, rank is a function of the size of the armed forces. The bigger the armed forces, the higher the rank. Thus promotion, pay, distinction, and *command* are generally only occasioned by the incidence of war. War means the lieutenant-colonel advances to brigadier-general. The commandore becomes an admiral. Marshal Foch said on the subject of rank and battle experience at the end of World War I that "the Americans were disappointed. Their generals had not yet earned the laurels they had hoped for."[9]

As bureaucrats, the military must prepare plans against all possible enemies. Their intelligence units must advise on military involvement and the imminence of war. The military, of course, have a military bias. The battlefield is a better place for settling problems than the diplomat's table. Didn't Clausewitz say "War is the continuation of diplomacy by other means"? Of course, the Spanish sunk the USS Maine. Is it important that they expressed sympathy and a naval inquiry showed no proof of Spanish guilt? National honor is at stake! Revenge, *semper fidelis!* Look at their islands, ours for the taking!

A characteristic of bureaucracy is exaggeration and waste, and the military bureaucracy is no exception. The military are prone to throw out smoke-screens of "national security" and "impairment of military efficiency" whenever their appropriations are endangered. Lord Acton is reputed to have said: "If the military had their way, they would fortify the moon." Senator Francis Case of South Dakota recently complained:

"The moment anyone ventures a word of criticism or doubt about the amount of money any branch of the military services requests, the easy defense is to imply that he is in some way giving comfort and aid to the enemy."[10]

The non-military bureaucracy also may be biased by war. War sets in motion a spurious "war economics." War economics is not economics at all but subterfuge for accelerated intervention in the market economy. Inflation and price controls, priorities and allocations, rationing and exchange controls, seized industries and bloated bureaucracies, and all the other trappings of a "war economy" suit the interventionists fine. Should our nation undergo war socialism during war? Was the waste, inefficiency, and corruption of our wartime bureaucracy and economy necessary? Commented Ludwig von Mises:

"(The realization of providing war materiel in World War II) did not require the establishment of controls and priorities. If the government had raised all the funds needed for the conduct of war by taxing the citizens and by borrowing from them, everybody would have been forced to cut down his consumption drastically. The entrepeneurs and farmers would have turned toward production for the government because the sale of goods to private citizens would have dropped. The government, now by virtue of the inflow of taxes and borrowed money the biggest buyer on the maket, would have been in the position to obtain all it wanted."[11]

(3) **Socialists:** Speaking of a coming European War in which "15 or 20 million armed men will slaughter one another," (the actual figure was 10 million) Friedrich Engels asserted to his fellow-Communists in the late 19th century:

"War must either bring the immediate victory of socialism, or it must upset the old order of things from head to foot and leave such heaps of ruins behind that the old capitalist society will be more impossible than ever, and the socialist revolution, though put off 10 or 15 years, will surely conquer after that time all the more rapidly and thoroughly."[12]

After the split in the Russian Social Democrats in 1903 — the Bolshevists under Lenin vs. the Menshevists under Plekhanov — the Bolshevists set up a policy for the conquest of Russia along the lines laid down by Engels. The socialist revolution would commence when Russia went to war. The policy was soon tried. In 1905 when Russia was at war with Japan, the Bolshevists struck at home. The revolution miscarried but Lenin and the Bolshevists would try again. In 12 years another opportunity ripened. Russia, bled to exhaustion in 1917 by Germany, capitulated to Lenin's October Revolution.

In Germany Bebel, leader of the Social Democratic Party, gratuitously warned the Kaiser and his war lords that war would further the cause of socialism. They scoffed at him. He smiled: "Go ahead; we are your heirs."[13]

Engels and Bebel were prophetic. During the closing stages of the war, Germany introduced the Hindenburg Plan of full "war socialism," which although never fully executed because of the war's end was the blueprint for later socialism. After the war, the Social Democrats won power in Germany. England soon came under the socialist Labor Party under Ramsay MacDonald. France underwent a socialist "Popular Front" government. Eventually the entire world adopted socialism in various forms, from the mild New Deal socialism in the U. S. to the more extensive "democratic" socialism of England, Scandinavia, Australia, and New Zealand to the extremes of fascist socialism in Germany and Italy and communist socialism in the U. S. S. R.

(4) **Lobbies:** Lobbies breed autarchy. Autarchy or economic nationalism is the doctrine of national self-sufficiency. It is opposed to *laissez faire* capitalism which pratices international division of labor and harmonious trade among nations. Autarchy is essentially economic warfare—by the autarchy state against its citizens, forcing them not to trade abroad, against foreign exporters, forcing them not to sell in its domestic markets. Dr. Benjamin Anderson, Jr. of the Chase National Bank warned in August 1925: "For this high-protective tariff and cheap money policy in the existing world imbalance we shall ultimately pay with a congested investment market accompanied by a sharp falling-off of our export trade."[14]

Lobbies pump for high military expenditures. Military outlays, they argue, make for prosperity. Unemployment goes down; factories get orders. The economic rub, however, is that military spending creates neither consumer goods or capital goods. Workers cannot eat guns and tanks make for cramped living quarters.

Lobbies have made military spending a bigger pork barrel than the traditional post office and rivers and harbors bills. Last year powerful politicians angled to get a single giant aircraft carrier built in their home states. Senator Harry Byrd (D., Va.) fought for the Newport News Shipbuilding and Drydock Co. at Newport News, Va. Senator Robert Hendrickson (R., N. J.) represented in effect the New York Shipbuilding Co. at Camden, N. J. Senator Leverett Saltonstall (R., Mass.) personally took up the matter with the President so that the Bethlehem Steel Co. of Quincy, Mass. would get the award."[15]

(5) **People:** People want peace. Americans voted for "peace" candidates in World War I and World War II. But people demand "protection" against foreign competition and thereby promote autarchy which breeds war. People are attracted by the "prosperity" they believe war brings. Farmers want high prices. Workers want fat jobs with overtime. Veteran organizations want retribution for "insults" to the flag.

Moreover, people give way to nationalist passions. Frenchmen spit at the "Hunnish swine." German fathers told their sons never to forget the degradations to the Fatherland in the Treaty of Versailles as the fathers of today probably tell their sons never to forget the destructiveness of the Morgenthau Plan or the carving up of Germany at Potsdam. Italians hate Yugoslavs, Yugoslavs hate Italians. Arabs hate Isreali, Israeli, hate Arabs. Pakistani hate Indians, Indians hate Pakistani. Communists hate Americans, Americans hate Communists.

Out of this hatred comes a passion for war. A Sarajevo occurs (or, more likely, is arranged) and the cry for "revenge!" becomes deafening. The people go to the war they demanded. Excitment runs high. There are victory parades, mobilization drives, and inspiring speeches. But soon come the casualty lists and news of military defeats. The promised "short war" turns to years of blood-letting. The glamour is gone and the passion spent but it is too late to turn back.

It is easy but painful to predict a tragic end for our bi-partisan policy of military intervention. Despite the babble of the interventionists, the wreckage of that policy lies strewn about us. Of the 60 nations in the UN, the U. S. furnished 95% of the outside troops in Korea. Our European Defense Army was abandoned by one of prime beneficiaries, Franco. The Geneva Conference was a defeat for America. Europe veers toward Moscow. Unbelieveable international magnanimity by our government has gone for nought.

"Collective security" is an empty dream. It didn't work in Korea. It didn't work in Indo-China. Will Fabianized England, her leaders making good-will tours to the Soviet Union and Red China, fight the Communists? Will Franco with 96 Communist deputies in her Chamber fight the Communists? Will Italy, a liability in two world wars, voting 35% Communists in the 1951 elections, fight the Communists? Will Communist Yugoslavia fight the Communists? Will Germany, crushed in two wars, her cities leveled by us, subjected to unconditional surrender and *ex post facto* laws at Nuremberg, fight for us?

Can we defeat the Communists? In 1953 after a personal inspection tour, General Eisenhower decided although we were in a hot war in Korea that further fighting would avail us little. We negitiated a truce. But now, apparently, we would renew hostilities. Assuming we could defeat the Communists, could we kill the idea of communism so that it would not pop up elsewhere? Would we not communize ourselves?

Our holy wars of the 20th Century have invariably failed. We can defend America, and possibly the Western Hemisphere, and preserve our freedom. But the solemn lesson of Korea is clear, we cannot defend the world. We can no more prevent aggression than we can prevent sin.

Our economy is based on war, for according to General MacArthur: "Talk of imminent threat to our national security through the application of external force is pure nonsense. . . . Indeed, it is a part of the general pattern of misguided policy that our country is now geared to an arms economy which was bred in an artificially induced psychosis of war hysteria and nurtured upon an incessant propaganda of fear. While such an economy may produce a sense of seeming prosperity for the moment, it rests on an illusionary foundation of complete unreliability and renders among our political leaders almost a greater fear of peace than is their fear of war."[16]

Do we have to go to war to get back our captured airmen? Our tradition has always been to give at least *de facto* recognition. Said President Monroe in his famous and presumably still upheld Doctrine: "Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is *to consider the government de facto as the legitimate government.*" Did our airmen have legitimate business in the undeclared Korean War?

Unquestionably the Communists do mean to conquer the world. But we, too, have been imperialists and taken land by force—from the Indians, from the Mexicans, from the Spanish. Intent is not enough. The Communists do not have, and probably never will, the ability to take us from without. They do have, however, the ability to take us from within. This means we must root out the Communists at our vitals in government and defense plants. And we must root out the Marxist dogmas which have muddied our thinking and impeded our economy.

Our military interventionists have spread our armed forces so thinly around the world that we are left without the power of decision as to where or whom we should fight, or if we should fight at all. Let us defend the Americas. Let capitalism and freedom be our bastions.

8 *Fifty Billion Dollars*, 1951, p. 260.

9 Quoted by Alfred Vagts, *A History of Militarism*, 1937, p. 263.

10 *Tax Outlook*, September 1952.

11 *Human Action* (New Haven: Yale University Press, 1949), pp. 821-822.

12 Quoted by Robert Hunter, *Revolution* (N. Y.: Harper & Bros., 1940), p. 34.

13 Idem.

14 Quoted by Peter Molyneaux, "Trade Policy & World Peace," *The Annals*, July 1937.

15 Wall Street Journal, May 24, 1954.

16 *The Freeman*, July 14, 1952.

Bertram V. Jones Now With Scherck, Richter Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Bertram V. Jones has become associated with Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange. Mr. Jones, who has recently been with Semple, Jacobs & Co., Inc., has been in the investment business for many years.

Two With Slayton Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—James C. Gibbons and Edward L. McGrath have been added to the staff of Slayton & Company, Inc., 408 Olive Street.

Joins Wachob-Bender

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Charles F. Heider is with Wachob-Bender Corp., 212 South Seventeenth St.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Philip J. McMahon has been added to the staff of Bache & Co., Dixie Terminal Building.

Joins Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Clifford A. Worthing has become affiliated with Westheimer & Co., 326 Walnut Street, members of the Cincinnati and New York Stock Exchanges.

With First Cleveland

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, O.—Mrs. Kathryn W. Moore has joined the staff of First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Feb. 27	§89.2	*89.1	85.0	73.6
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 27	§2,153,000	*2,150,000	2,051,000	1,756,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 11	6,719,350	6,721,250	6,689,200	6,321,700
Crude runs to stills—daily average (bbls.)	Feb. 11	¶7,384,000	7,418,000	7,370,000	7,030,000
Gasoline output (bbls.)	Feb. 11	25,208,000	24,208,000	24,784,000	23,834,000
Kerosene output (bbls.)	Feb. 11	2,608,000	2,707,000	2,822,000	2,685,000
Distillate fuel oil output (bbls.)	Feb. 11	12,561,000	12,539,000	12,029,000	10,636,000
Residual fuel oil output (bbls.)	Feb. 11	8,663,000	8,452,000	8,737,000	8,499,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 11	174,203,000	171,331,000	162,198,000	174,017,000
Kerosene (bbls.) at	Feb. 11	21,438,000	23,200,000	27,677,000	19,654,000
Distillate fuel oil (bbls.) at	Feb. 11	76,158,000	*81,815,000	100,111,000	73,257,000
Residual fuel oil (bbls.) at	Feb. 11	46,689,000	*47,530,000	50,566,000	45,921,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 12	643,859	640,735	644,940	623,706
Revenue freight received from connections (no. of cars)	Feb. 12	621,788	625,133	597,676	603,350
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 17	$193,862,000	$298,933,000	$257,151,000	$149,692,000
Private construction	Feb. 17	130,168,000	152,424,000	163,839,000	96,392,000
Public construction	Feb. 17	63,694,000	146,509,000	93,312,000	53,300,000
State and municipal	Feb. 17	42,901,000	119,801,000	83,175,000	48,505,000
Federal	Feb. 17	20,793,000	26,708,000	10,137,000	4,795,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 12	8,690,000	8,700,000	8,680,000	7,595,000
Pennsylvania anthracite (tons)	Feb. 12	654,000	609,000	552,000	595,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 12	91	*86	99	91
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 19	9,912,000	9,922,000	9,981,000	8,551,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 17	205	238	265	215
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 15	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Feb. 15	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Feb. 15	$36.33	$35.83	$34.50	$25.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 16	32.700c	32.700c	29.700c	29.675c
Export refinery at	Feb. 16	36.100c	35.300c	32.300c	29.075c
Straits tin (New York) at	Feb. 16	90.000c	91.750c	86.500c	85.250c
Lead (New York) at	Feb. 16	15.000c	15.000c	15.000c	13.000c
Lead (St. Louis) at	Feb. 16	14.800c	14.800c	14.800c	12.800c
Zinc (East St. Louis) at	Feb. 16	11.500c	11.500c	11.500c	9.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 22	96.55	97.13	97.78	99.01
Average corporate	Feb. 22	109.42	109.60	110.34	109.06
Aaa	Feb. 22	112.93	113.31	114.46	114.46
Aa	Feb. 22	110.88	111.07	111.81	111.07
A	Feb. 22	109.97	109.97	110.34	108.88
Baa	Feb. 22	104.48	104.66	104.83	102.63
Railroad Group	Feb. 22	107.80	107.80	108.52	106.92
Public Utilities Group	Feb. 22	110.15	110.34	110.88	109.24
Industrials Group	Feb. 22	110.70	110.88	111.44	111.07
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 22	2.75	2.71	2.66	2.57
Average corporate	Feb. 22	3.20	3.19	3.15	3.22
Aaa	Feb. 22	3.01	2.99	2.93	2.93
Aa	Feb. 22	3.12	3.11	3.07	3.11
A	Feb. 22	3.17	3.17	3.15	3.23
Baa	Feb. 22	3.48	3.47	3.46	3.59
Railroad Group	Feb. 22	3.29	3.29	3.25	3.34
Public Utilities Group	Feb. 22	3.16	3.15	3.12	3.21
Industrials Group	Feb. 22	3.13	3.12	3.09	3.11
MOODY'S COMMODITY INDEX	Feb. 22	404.0	407.8	414.4	424.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 12	246,171	350,995	241,055	216,205
Production (tons)	Feb. 12	261,128	259,402	255,794	237,563
Percentage of activity	Feb. 12	95	94	93	91
Unfilled orders (tons) at end of period	Feb. 12	433,801	450,660	388,392	355,213
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 18	107.27	106.54	106.47	107.17
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Feb. 5	1,700,303	1,675,172	1,946,677	963,701
Dollar value	Feb. 5	$86,644,582	$90,292,919	$99,201,009	$44,463,075
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 5	1,432,752	1,433,599	2,163,641	888,177
Customers' short sales	Feb. 5	7,916	10,962	9,421	8,831
Customers' other sales	Feb. 5	1,424,836	1,422,637	2,154,220	879,346
Dollar value	Feb. 5	$67,746,797	$69,607,364	$106,547,091	$38,117,821
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 5	367,340	356,670	700,450	257,590
Short sales	Feb. 5	------	------	------	------
Other sales	Feb. 5	367,340	356,670	700,450	257,590
Round-lot purchases by dealers—					
Number of shares	Feb. 5	616,018	615,250	487,680	350,560
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Jan. 29	677,590	495,640	658,620	426,280
Other sales	Jan. 29	16,794,760	14,173,920	18,647,260	9,707,950
Total sales	Jan. 29	17,472,350	14,669,560	19,305,880	10,134,230
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 29	2,130,770	1,930,550	2,319,510	999,330
Short sales	Jan. 29	346,860	245,280	348,440	220,510
Other sales	Jan. 29	1,905,020	1,572,450	2,049,730	820,280
Total sales	Jan. 29	2,251,880	1,817,730	2,398,170	1,040,790
Other transactions initiated on the floor—					
Total purchases	Jan. 29	547,540	463,410	543,970	297,000
Short sales	Jan. 29	38,300	29,900	32,300	22,900
Other sales	Jan. 29	557,270	436,020	562,320	299,810
Total sales	Jan. 29	595,570	465,920	594,620	322,710
Other transactions initiated off the floor—					
Total purchases	Jan. 29	690,535	557,455	729,603	361,384
Short sales	Jan. 29	101,130	61,370	100,200	38,670
Other sales	Jan. 29	764,465	702,799	862,413	423,600
Total sales	Jan. 29	865,595	764,169	962,613	462,270
Total round-lot transactions for account of members—					
Total purchases	Jan. 29	3,368,845	2,951,415	3,593,083	1,657,714
Short sales	Jan. 29	486,290	336,550	480,940	282,080
Other sales	Jan. 29	3,226,755	2,711,269	3,474,463	1,543,690
Total sales	Jan. 29	3,713,045	3,047,819	3,955,403	1,825,770
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 15	110.3	110.3	110.1	110.5
Farm products	Feb. 15	93.4	93.4	92.6	98.0
Processed foods	Feb. 15	103.2	103.2	104.0	105.1
Meats	Feb. 15	85.4	84.9	87.7	92.3
All commodities other than farm and foods	Feb. 15	115.4	115.5	115.1	114.4

*Revised figure. ¶Includes 721,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 thly Investment Plan.
†Number of orders not reported since introduction of Mon

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of December	127,035	121,252	110,291
Stocks of aluminum (short tons) end of Dec.	21,144	*27,529	39,317
AMERICAN RAILWAY CAR INSTITUTE— Month of January:			
New domestic freight cars delivered	2,008	2,173	4,944
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Jan. 31:			
Imports	$272,708,000	$285,284,000	$265,768,000
Exports	187,182,000	182,254,000	157,258,000
Domestic shipments	10,315,000	9,963,000	10,599,000
Domestic warehouse credits	292,542,000	290,209,000	62,257,000
Dollar exchange	16,572,000	16,800,000	44,532,000
Based on goods stored and shipped between foreign countries	89,908,000	88,591,000	45,537,000
Total	$869,227,000	$873,101,000	$585,951,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of January (in millions):			
Total new construction	$2,761	$2,985	$2,444
Private construction	2,027	2,202	1,710
Residential building (nonfarm)	1,091	1,214	816
New dwelling units	1,000	1,115	730
Additions and alterations	70	77	63
Nonhousekeeping	21	22	23
Nonresidential building (nonfarm)	527	534	486
Industrial	175	172	179
Commercial	185	186	164
Warehouses, office and loft buildings	87	88	75
Stores, restaurants and garages	98	98	89
Other nonresidential building	167	176	143
Religious	54	57	42
Educational	48	51	39
Social and recreational	14	15	16
Hospital and institutional	27	28	26
Miscellaneous	24	25	20
Farm construction	93	93	102
Public utilities	302	349	299
Railroad	22	29	27
Telephone and telegraph	47	49	46
Other public utilities	233	271	226
All other private	14	12	7
Public construction	734	783	734
Residential building	23	22	37
Nonresidential building	337	339	354
Industrial	95	100	145
Educational	175	174	150
Hospital and institutional	24	24	23
Other nonresidential building	43	41	36
Military facilities	85	83	73
Highways	145	185	130
Sewer and water	75	77	68
Miscellaneous public service enterprises	11	12	13
Conservation and development	48	55	50
All other public	10	10	9
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—			
As of Jan. 31 (000's omitted)	$713,000	$733,000	$628,000
COPPER INSTITUTE—For month of January:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	96,113	*97,733	84,546
Refined (tons of 2,000 pounds)	123,840	133,523	111,869
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	113,949	119,626	77,091
Refined copper stocks at end of period (tons of 2,000 pounds)	45,982	47,108	108,187
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of January:			
Weekly Earnings—			
All manufacturing	$73.97	*$74.30	$70.92
Durable goods	80.16	80.15	76.59
Nondurable goods	65.86	*66.30	63.53
Hours—			
All manufacturing	40.2	*40.6	39.4
Durable goods	40.9	41.1	40.1
Nondurable goods	39.2	*39.7	38.5
Hourly Earnings—			
All manufacturing	$1.84	$1.83	$1.80
Durable goods	1.96	1.95	1.91
Nondurable goods	1.68	1.67	1.65
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Jan.:			
Seasonally adjusted	131	130	125
Unadjusted	130	128	124
METAL OUTPUT (BUREAU OF MINES—Month of December:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	142,133	151,389	157,243
Silver (in fine ounces)	3,038,860	*2,989,153	3,034,853
Copper (in short tons)	81,417	79,208	77,019
Lead (in short tons)	26,897	26,911	25,315
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Jan. 31	$278,462,873	$278,783,756	$274,923,609
General fund balance	4,728,388	5,179,536	4,044,002
Net debt	$273,734,485	$273,604,220	$270,879,607
Computed annual rate	2.298%	2.291%	2.412%
U. S. GOVT. SATUTORY DEBT LIMITATION —As of Dec. 31 (000's omitted):			
Total face amount that may be outstanding at any time	$281,000,000	$281,000,000	$275,000,000
Outstanding—			
Total gross public debt	278,749,814	278,853,086	275,168,120
Guaranteed obligations not owned by the Treasury	33,942	34,420	75,638
Total gross public debt and guaranteed obligations	$278,783,756	$278,887,507	$275,243,758
Deduct—other outstanding public debt obligations not subject to debt limitation	527,857	530,173	572,857
Grand total outstanding	$278,255,899	$278,357,334	$274,670,901
Balance face amount of obligations, issuable under above authority	2,744,100	2,642,665	329,098

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Alaska Lease Co., Inc., Anchorage, Alaska
Feb. 14 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—35 cents per share. **Proceeds**—To acquire leases. **Office**—235 East Fifth Ave., Anchorage, Alaska. **Underwriter**—None.

★ Allied Uranium Mines, Inc., Salt Lake City, Utah
Feb. 17 (letter of notification) 299,700 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For mining expenses. **Office**—701 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—H. J. Cooney & Co., New York.

● Allison Steel Manufacturing Co. (3/7)
Feb. 11 filed 100,000 shares of common stock (par $5) and 50,000 shares of 75-cent cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—To purchase certain assets of Allison Steel Mfg. Co., machinery, tools and equipment, and for working capital and other corporate purposes. **Office** — Phoenix, Ariz. **Underwriter** — Lee Higginson Corp., Chicago, Ill.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

● American Automobile Insurance Co. (3/8)
Feb. 16 filed 250,000 shares of capital stock (par $2) to be offered for subscription by stockholders at the rate of one new share for each six shares held. **Price**—To be supplied by amendment. **Proceeds**—To provide company and its wholly-owned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. **Underwriter**—Kidder, Peabody & Co., New York.

American Beauty Homes, Inc., Houston, Tex.
Jan. 20 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For prefabrication and assembly of homes. **Office**—10509 South Main St., Houston, Tex. **Underwriters** — Hunter Securities Corp., New York, and Continental Securities Corp., Houston, Tex.

American Duchess Uranium & Oil Co.
Dec. 9 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For uranium and oil activities. **Office**—Judge Bldg., Salt Lake City, Utah. **Underwriter**—Northern Securities, Inc., Seattle, Wash.

● American Potash & Chemical Corp. (3/8-9)
Feb. 16 filed $7,000,000 of convertible subordinated debentures due March 1, 1970. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans and for expansion and working capital. **Underwriters**—Lehman Brothers and Glore, Forgan & Co., both of New York.

American Scientific, Inc.
Feb. 2 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay current indebtedness and for working capital. **Business**—To manufacture and sell scientific products, equipment and apparatus. **Office**—67 Wall St., New York, N. Y. **Underwriter** — McCoy & Willard, Boston, Mass.

Anticline Uranium, Inc., San Francisco, Calif.
Oct. 28 (letter of notification) 2,970,000 shares of class A capital stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—995 Market St., San Francisco, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., Los Angeles, Calif.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Gaetano Securities Corp., New York.

★ Arizona Opportunities, Inc., Phoenix, Ariz.
Feb. 8 (letter of notification) 10,000 shares of class A stock (par $10) and 40,000 shares of class B stock (par 10 cents). **Price**—At par. **Proceeds**—For general corporate purposes. **Office**—216 Luhrs Bldg., Phoenix, Ariz. **Underwriter**—None.

★ Associated Food Stores, Inc., Jamaica, L. I., N. Y.
Feb. 18 filed 400,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds** — For general corporate purposes, including carrying of larger inventories and for working capital. **Underwriter** — To be named by amendment.

★ Associated Hardware Stores, Inc., St. Louis, Mo.
Feb. 11 (letter of notification) 3,000 shares of common stock. **Price**—$100 per share. **Proceeds**—For inventory, and equipment and for working capital. **Address**—c/o W. H. Bryan, 7500 Clayton Road, St. Louis 17, Mo. **Underwriter**—None.

Atlantic City Electric Co. (3/9)
Feb. 4 filed $10,000,000 of first mortgage bonds due March 1, 1985. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; White, Weld & Co.; Equitable Securities Corp.; Blair & Co. Incorporated; The First Boston Corp. and Drexel & Co. (jointly); Lehman Brothers; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—To be received up to 11 a.m. (EST) on March 9.

Automatic Remote Systems, Inc., Baltimore
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Barry Controls Inc., Watertown, Mass. (3/2)
Feb. 11 filed 100,000 shares of common stock (par $1), of which 50,000 shares are for the account of the company and 50,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To discharge mortgage indebtedness; to restore funds used in recent purchase of adjoining land; for working capital and other general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

★ Ben Franklin Oil & Gas Corp., New York
Feb. 14 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For working capital. **Office**—17 Battery Place, New York, N. Y. **Underwriter**—None.

Best American Life Insurance Co., Mesa, Ariz.
Feb. 11 filed 800,000 shares of class A common stock (par $1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par $1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. **Proceeds**—To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. **Underwriter**—None. Richard G. Johnson of Mesa, Ariz., is President.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co. Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office** — 705 First National Bank Bldg., Denver, Colo. **Underwriter**—I. J. Schenin Co., New York.

Bingham-Herbrand Corp., Fremont, Ohio
Feb. 2 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At the market (estimated at $10 per share). **Proceeds**—To selling stockholder. **Underwriter**—Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

★ Bishop Oil Co., San Francisco, Calif. (3/16)
Feb. 21 filed 153,236 shares of common stock (par $2) to be offered for subscription by stockholders of record March 14, 1955, on the basis of two new shares for each five shares held; rights to expire on March 30. **Price**—To be filed by amendment. **Proceeds** — To retire bank loan and to advance funds to Canadian Bishop Oil, Ltd., wholly-owned subsidiary. **Underwriter**—Hooker & Fay, San Francisco, Calif.

Blue Canyon Uranium, Inc.
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining activities. **Offices** — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter** — James E. Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—402 Henderson Bank Bldg., Elko, Nev. **Underwriter**—Security Uranium Service, Inc., Moab and Provo, Utah.

★ Buckner Finance Co. of Drayton Plains, Inc.
Feb. 11 (letter of notification) $160,000 of subordinated debenture notes due Dec. 31, 1969 and 8,000 shares of common stock (par $10). **Price**—At par. **Proceeds**—To pay outstanding debts and to increase working capital. **Office**—4393 Dixie Highway, Drayton Plains, Mich. **Underwriter**—None.

★ Business Credit Corp., Dayton, Ohio
Feb. 8 (letter of notification) 360 shares of common stock (no par) and $180,000 10-year registered 8% promissory notes to be offered in units of $500 principal amount of notes and one share of stock. **Price**—$550 per unit. **Proceeds** — To be invested in commercial loans. **Office**—136 West Second St., Dayton 2, Ohio. **Underwriter**—None.

● California Tuna Fleet, Inc.
Feb. 15 filed (amendment) $500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—Expected at $1,100 per unit. **Proceeds**—For expansion and working capital. **Office**—San Diego, Calif. **Underwriter**—Barrett Herrick & Co., Inc., New York. **Offering**—May be effected in March.

Calumet & Hecla, Inc. (3/1)
Feb. 7 filed 50,000 shares of $4.75 cumulative preferred stock, series A (no par). **Price** — To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—White, Weld & Co., New York.

Canadian Petrofina, Ltd.
Dec. 20 filed 1,751,428 shares of non-cumulative participating preferred stock (par $10—Canadian) being offered in exchange for shares of capital stock of Calvan Consolidated Oil & Gas Co., Ltd. at the rate of six preferred shares for each 17 Calvan shares. The offer is contingent to acceptance by not less than 51% of the outstanding Calvan stock and will expire on Feb. 28, unless extended. **Underwriter**—None. Statement effective Jan. 21.

Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—317 Main St., Grand Junction, Colo. **Underwriter**—Western Securities Corp., Salt Lake City, Utah.

● Carolina Power & Light Co. (2/25)
Feb. 2 filed 50,000 shares of cumulative serial preferred stock (no par) and 505,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—From sale of shares, together with other funds, for additions and improvements to property. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York, and R. S. Dickson & Co., Inc., Charlotte, N. C.

Central & South West Corp. (3/1)
Feb. 2 filed 600,000 shares of common stock (par $5). **Proceeds**—To repay bank loans and loan from insurance company, and to purchase common shares of subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly) The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly). **Bids**—To be received up to 10:30 a.m. (CST) on March 1 at 20 No. Wacker Drive, Chicago 6, Ill.

● Chesapeake & Colorado Uranium Corp. (3/7)
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For machinery and equipment and working capital. **Name Change**—Company was formerly known as Paley Manufacturing Corp. **Office**—244 Herkimer Street, Brooklyn, N. Y. **Underwriter**—Allen E. Beers Co., Philadelphia, Pa.

★ Civic Finance Corp. of Wisconsin (2/28)
Feb. 10 (letter of notification) 12,000 shares of 5.60% cumulative preferred stock. **Price** — At par ($25 per share). **Proceeds** — To repurchase existing preferred stock and for working capital. **Office**—633 North Water St., Milwaukee, Wis. **Underwriters**—Emch & Co., and The Marshall Co., same city.

Colorado Plateau Uranium Co.
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office** — 824 Equitable Bldg., Denver 2, Colo. **Underwriter**—John L. Donahue, 430 16th St., Denver, Colo.

Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price**—$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds** — To repay bank loan. **Office** — 221½ West Trade St., Charlotte, N. C. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc.
April 7, 1954, filed $50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Constellation Uranium Corp., Denver, Colo.
Oct. 11 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For exploration and development expenses. **Office**—206 Mercantile Bldg., Denver, Colo. **Underwriter**—Petroleum Finance Corp., Oklahoma City, Okla.

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—100 West 42nd St., New York. **Underwriter**—Justin Steppler, Inc., New York.

Continental Electric Equipment Co. (3/1)
Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stockholders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on April 15. **Price** — $18.75 per share. **Proceeds** — For working capital. **Office** — 1 Green Hills Place, Cincinnati, O. **Underwriter**—None.

Crampton Manufacturing Co. (3/2)
Feb. 8 filed $1,750,000 5½% first mortgage bonds due 1975 (with detachable 10-year common stock purchase warrants attached). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, for expansion and working capital. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Crampton Manufacturing Co. (3/2)
Feb. 8 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter** — Baker, Simonds & Co., Detroit, Mich.

Cuba (Republic of)
Jan. 7 filed $2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co., which received the bonds in payment for work preformed for the Republic or one of more of its agencies. **Underwriters**—To be named by amendment.

Dean & Co., San Antonio, Texas
Feb. 10 (letter of notification) $150,000 of 5% sinking fund debentures, second series, due Feb. 1, 1965. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To finance new business, including loans on automobiles, etc. **Office**—800 Broadway, San Antonio, Texas. **Underwriter**—The First Trust Co. of Lincoln, Neb.

Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—for mining operations. **Office**—506 Judge Building, Salt Lake City, Utah. **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock **Price**—At par (15 cents per share). **Proceeds**—For exploration and development expenses. **Office**—524 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

Diamond Uranium Corp., Moab, Utah
Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—M. I. C. Bldg., Moab, Utah. **Underwriter**—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

★ **District Wholesale Drug Corp. of Washington**
Feb. 14 (letter of notification) $25,000 of registered 7% debentures and $25,000 of registered 8½% debentures. **Price** — At par (in denomination of $100 each). **Proceeds**—To reduce notes and other obligations and to provide working capital. **Office**—52 O St., N.W., Washington, D. C. **Underwriter**—None.

Dynaseal Lighting Corp., Cambridge, Mass.
Feb. 7 (letter of notification) 57,000 shares of cumulative convertible preferred stock (par $4) and 28,500 shares of common stock (par one cent) to be offered in units of one share of preferred stock and one-half share of common stock. **Price**—$5 per unit. **Proceeds**—For product development, inventory and working capital. **Office**—5 Hadley Street, Cambridge, Mass. **Underwriter**—Paul D. Sheeline & Co., Boston, Mass.

East Tennessee Water Corp.
Dec. 20 (letter of notification) $160,000 of first mortgage 6% bonds dated Dec. 1, 1954. **Price** — At par (in denominations of $1,000 each). **Proceeds**—For purchase of real estate, capital improvements and contingencies. **Office**—306 E. Main St., Johnson City, Tenn. **Underwriter**—D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Electronics Investment Corp., San Diego, Calif.
Dec. 14 filed 2,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—For investment.

★ **Elk Ridge Uranium Co., Salt Lake City, Utah**
Feb. 11 (letter of notification) 610,000 shares of common stock (par 15 cents). **Price** — 30 cents per share. **Proceeds**—For mining expenses. **Office**—103 West Second South, Salt Lake City, Utah. **Underwriter**—None.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—506 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Financial Credit Corp., New York
Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds** — For working caiptal. **Underwriter** — E. J. Fountain & Co., Inc., New York.

First Bank Stock Corp. (2/28)
Feb. 4 filed 361,922 shares of capital stock (par $10) to be offered for subscription by stockholders of record Feb. 24, 1955 at the rate of one new share for each eight shares held; rights to expire March 14. **Price**—To be supplied by amendment. **Proceeds** — For investments in stocks of banking affiliates. **Underwriter**—Blyth & Co., Inc., New York, and San Francisco.

★ **Flying-A-Ranch, Inc., Bethesda, Md.**
Feb. 14 (letter of notification) $250,000 of 6% first trust notes and 10,000 shares of common stock (no par) to be issued in units of $25 principal amount of notes and one share of stock. **Price**—$25 per unit. **Proceeds**—For purchase of equipment and cattle to operate a ranch. **Office**—7649 Old Georgetown Road, Bethesda, Md. **Underwriter**—None.

★ **Fort Vancouver Plywood Co., Vancouver, Wash.**
Feb. 21 filed 397 shares of common stock. **Price**—At par ($4,500 per share). **Proceeds** — For down payment on purchase price of mill facilities and for other expenses. **Underwriter**—John C. O'Brien, one of the promoters.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Frio Frozen Foods, Inc., Anthony, Texas
Jan. 25 (letter of notification) 20,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For construction of plant and refrigeration. **Address**—Box 306, Anthony, Tex. **Underwriter**—Norman D. Patterson, Jr., El Paso, Tex.

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NEW ISSUE CALENDAR

February 24 (Thursday)

Rochester Gas & Electric Corp. .... **Bonds**
(Bids 11 a.m. EST) $10,000,000

February 25 (Friday)

Carolina Power & Light Co. ...... **Preferred & Common**
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.) 50,000 pfd. shs. and 505,000 common shs.

Maryland Casualty Co. .... **Common**
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 296,050 shares

South Carolina Electric & Gas Co. .... **Common**
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 210,053 shares

February 28 (Monday)

Civic Finance Corp. of Wisconsin .... **Preferred**
(Emch & Co. and The Marshall Co.) $300,000

First Bank Stock Corp. .... **Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 361,922 shares

Ready-Made Buildings, Inc. .... **Common**
(Aetna Securities Corp.) $300,000

March 1 (Tuesday)

Calumet & Hecla, Inc. .... **Preferred**
(White, Weld & Co.) 50,000 shares

Central & South West Corp. .... **Common**
(Bids 10:30 a.m. CST) 600,000 shares

Continental Electric Equipment Co. .... **Common**
(Offering to stockholders—no underwriting) $162,094

May Department Stores Co. .... **Debentures**
(Goldman, Sachs & Co. and Lehman Brothers) $25,000,000

New England Telephone & Telegraph Co. .... **Common**
(Offering to stockholders—no underwriting) 511,205 shares

North American Television Productions, Inc. .... **Common**
(Milton D. Blauner & Co. Inc. and Baruch Brothers & Co., Inc.) $300,000

Southern Union Oils, Ltd. .... **Common**
(Willis E. Burnside & Co., Inc.) 1,211,002 shares

March 2 (Wednesday)

Barry Controls, Inc. .... **Common**
(Paine, Webber, Jackson & Curtis) 100,000 shares

Crampton Manufacturing Co. .... **Bonds**
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $1,750,000

Crampton Manufacturing Co. .... **Common**
(Baker, Simonds & Co.) 150,000 shares

Granco Products, Inc. .... **Common**
(John R. Boland & Co., Inc.) $300,000

Pacific Gas & Electric Co. .... **Bonds**
(Bids to be invited) $50,000,000

Reliance Electric & Engineering Co. .... **Common**
(Blyth & Co., Inc.) 50,000 shares

Union Oil Co. of California .... **Debentures**
(Dillon, Read & Co. Inc.) $60,000,000

United States Ceramic Tile Co. .... **Common**
(Granbery, Marache & Co.) 70,000 shares

March 3 (Thursday)

General Motors Acceptance Corp. .... **Debentures**
(Morgan Stanley & Co.) $250,000,000

Glatfelter (P. H.) Co. .... **Preferred**
(The First Boston Corp.) $2,000,000

Glatfelter (P. H.) Co. .... **Common**
(Offering to stockholders—underwritten by The First Boston Corp.) 125,000 shares

March 7 (Monday)

Allison Steel Manufacturing Co. .... **Preferred**
(Lee Higginson Corp.) $500,000

Allison Steel Manufacturing Co. .... **Common**
(Lee Higginson Corp.) 100,000 Shares

Chesapeake & Colorado Uranium Corp. .... **Common**
(Peter Morgan & Co.) $750,000

General Tire & Rubber Co. .... **Preference**
(Kidder, Peabody & Co.) $10,000,000

March 8 (Tuesday)

American Automobile Insurance Co. .... **Common**
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 250,000 shares

American Potash & Chemical Corp. .... **Debentures**
(Lehman Brothers and Glore, Forgan & Co.) $7,000,000

Harris-Seybold Co. .... **Common**
(Kidder, Peabody & Co. and McDonald & Co.) 125,000 shs.

Washington Gas Light Co. .... **Common**
(Offering to stockholders—underwritten by The First Boston Corp. and Johnston, Lemon & Co.) 126,349 shares

March 9 (Wednesday)

Atlantic City Electric Co. .... **Bonds**
(Bids 11 a.m. EST) $10,000,000

Central of Georgia Ry. .... **Equip. Trust Ctfs.**
(Bids noon EST) $930,000

Minnesota & Ontario Paper Co. .... **Debentures**
(Blyth & Co., Inc. and Alex. Brown & Sons) $14,000,000

March 10 (Thursday)

Petroleum Reserves, Inc. .... **Debentures and Stock**
(Smith, Barney & Co.) 10,000 units

White Canyon Mining Co. .... **Common**
(Joseph McManus & Co. and A. P. Kibbe & Co. $3,000,000

March 14 (Monday)

Pacific Finance Corp. .... **Debentures**
(Blyth & Co., Inc. and Hornblower & Weeks) $14,000,000

March 15 (Tuesday)

Atlantic Steel Co. .... **Common**
(Courts & Co.) 200,000 shares

Catalin Corp. .... **Preferred**
(Fulton, Reid & Co.) $1,000,000

Kansas Gas & Electric Co. .... **Bonds**
(Bids to be invited) $10,000,000

Kansas Gas & Electric Co. .... **Preferred**
(Bids to be invited) $6,000,000

Southern Nevada Power Co. .... **Preferred**
(Hornblower & Weeks; William R. Staats & Co.; and First California Co.) $2,250,000

March 16 (Wednesday)

Bishop Oil Co. .... **Common**
(Offering to stockholders—to be underwritten) 153,236 shares

March 17 (Thursday)

Oklahoma Gas & Electric Co. .... **Common**
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 331,643 shares

March 30 (Wednesday)

Arkansas Power & Light Co. .... **Bonds**
(Bids 11 a.m. EST) $18,000,000

Arkansas Power & Light Co. .... **Preferred**
(Bids 11 a.m. EST) $9,350,000

April 1 (Friday)

Transcontinental Gas Pipe Line Corp. .... **Preferred**
(White, Weld & Co. and Stone & Webster Securities Corp.) $15,000,000

April 15 (Friday)

Westpan Hydrocarbon Co. .... **Common**
(May be Union Securities Corp.) 384,861 shares

May 10 (Tuesday)

Georgia Power Co. .... **Bonds**
(Bids 11 a.m. EST) $12,000,000

May 31 (Tuesday)

Alabama Power Co. .... **Bonds**
(Bids 11 a.m. EST) $15,000,000

November 9 (Wednesday)

Southern Co. .... **Common**
(Bids to be invited) 500,000 shares

Continued from page 37

★ Fundamental Investors, Inc., Elizabeth, N. J.
Feb. 21 filed (amendment) 4,000,000 additional shares of capital stock (par $2). **Price**—At market. **Proceeds**—For investment.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 11,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For exploration and development of oil and uranium properties. **Office** — 414 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Utah Uranium Brokers, same city.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

★ General Motors Acceptance Corp. (3/3)
Feb. 18 filed $250,000,000 of debentures, consisting of $50,000 of five-year debentures due 1960 and $200,000,000 of 17-year debentures due 1972. **Price**—To be supplied by amendment. **Proceeds**—To provide additional working capital for the purchase of receivables. **Underwriter**—Morgan Stanley & Co., New York.

General Motors Corp., Detroit, Mich.
Jan. 20 filed 4,380,683 shares of common stock (par $5) being offered for subscription by common stockholders of record Feb. 8 at the rate of one new share for each 20 shares held; rights to expire on March 7. **Price**—$75 per share. **Proceeds** — For capital expenditures and working capital **Subscription Agents**—J. P. Morgan & Co. Incorporated, New York, N. Y.; National Bank of Detroit, Detroit, Mich.; Continental Illinois National Bank & Trust Co., Chicago, Ill.; and Bank of America N. T. & S. A., San Francisco and Los Angeles, Calif. **Underwriter**—Morgan Stanley & Co., New York.

G. M. Shares, Inc., Detroit, Mich.
Jan 20 filed 52,356 shares of class A stock (par $1), 11,106 shares of class B stock (par $1) and 786 shares of comon stock (par $1) being offered for subscription by holders of the respective shares at the rate of one new share for each 20 shares of such stock held as of record Feb. 8; rights to expire on March 1. **Prices**—For class A and B stock, $150 per share; and for class C stock, $134.06 per share. **Proceeds**—To purchase common stock of General Motors Corp. through the exercise of rights received from that company. At Dec. 31, 1954, G. M. Shares, Inc. owned 2,577,160 shares of General Motors common.

★ General Tire & Rubber Co., Akron, Ohio (3/7)
Feb. 16 filed 100,000 shares of cumulative convertible preference stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans and for working capital. **Underwriter**—Kidder, Peabody & Co., New York.

General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development and exploration expenses. **Office**—404 Boston Building, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Glatfelter (P. H.) Co., Spring Grove, Pa. (3/3)
Feb. 9 filed 40,000 shares of cumulative preferred stock, series of 1955 (par $50). **Price** — To be supplied by amendment. **Proceeds**—Together with other funds, to be used for expansion program. **Underwriter**—The First Boston Corp., New York.

Glatfelter (P. H.) Co., Spring Grove, Pa. (3/3)
Feb. 9 filed 125,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each 1.76 shares then held; rights to expire on March 16. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used for expansion program. **Underwriter**—The First Boston Corp., New York.

Globe Metallurgical Corp.
Jan. 18 filed 147,500 shares of common stock (par $5), of which 30,000 shares are to be offered to a group composed largely of stockholders of Globe Iron Co, the parent, and 117,500 shares are to be offered to public. **Price** — $10 per share. **Proceeds** — For capital improvements and working capital. **Office**—Beverly, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio. **Offering**—Temporarily postponed.

Granco Products, Inc. (N. Y.) (3/2)
Feb. 4 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—For machinery and equipment, further development and research, and working capital. **Business**—Electronic, electrical and electro-mechaniacl products. **Office**—c/o Henry Fogel, President, 36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York.

★ Growers Container Corp., Salinas, Calif.
Feb. 7 (letter of notification) 250,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds**—For general corporate purposes. **Office** — 1124 Abbott St., Salinas, Calif. **Underwriter**—None.

Gulf States Utilities Co.
May 14, 1954 filed 160,800 shares of preferred stock (par $100). **Proceds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway. New York, N. Y., but offering has been postponed.

★ Harris-Seybold Co., Cleveland, Ohio (3/8)
Feb. 16 filed 125,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To finance expansion of business, and possible acquisitions. **Underwriters**—McDonald & Co., Cleveland, O., and Kidder, Peabody & Co., New York.

Harvard Brewing Co., Lowell, Mass.
Feb. 1 filed 345,760 shares of common stock (par $1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding. **Offering**—Date expected to be set later in February.

★ Holan (J. H.) Corp., Cleveland, Ohio
Feb. 14 (letter of notification) 22,818 shares of common stock (par $1) to be offered for subscription by common stockholders of record Feb. 21, 1955 on the basis of one new share for each seven shares held; rights to expire on March 7, 1955. **Price**—$7 per share. **Proceeds**—For new plant and working capital. **Office**—4100 West 150th St., Cleveland, Ohio. **Underwriter**—None.

Holly Uranium Corp., New York
Feb. 10 filed 900,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To exercise certain options on properties in Utah and New Mexico. **Underwriter**—Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York. **Offering** — Expected early in March.

★ Inland Western Loan & Finance Corp.
Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. **Office**—Phoenix, Ariz. **Underwriter**—None.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of captal stock. **Price**—At par ($10 per share). **Proceeds**—For further exploration and development. **Addres**—P. O. Box 1109, Wichita Falls, Tex. **Underwriter**—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Justheim Petroleum Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For oil and mining expenses. **Office**—318 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Hunter Securities Corp., New York.

Kansas Gas & Electric Co. (3/15)
Feb. 11 filed $10,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Goldman Sachs & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on March 15.

Kansas Gas & Electric Co. (3/15)
Feb. 11 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co. Inc.; Union Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on March 15.

★ Lemke (B. L.) & Co., Inc.
Feb. 8 (letter of notification) 10,000 shares of common stock (par 50 cents). **Price** — At market (estimated at $3.50 per share). **Proceeds**—To selling stockholders. **Office**—Lodi, N. J. **Underwriter**—None, stock to be offered from time to time through brokerage houses.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lucky Lake Uranium, Inc., Salt Lake City, Utah
Feb. 9 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—201 Boston Building, Salt Lake City, Utah. **Underwriter**—Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.
Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—38 South Main St., Salt Lake City, Utah. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office**—239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

Marble Canyon Uranium, Inc.
Feb. 4 (letter of notification) 20,900,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—587 — 11th Ave., Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

Marine Midland Corp., Buffalo, N. Y.
Feb. 15 filed 64,000 shares of common stock (par $5) to be offered in exchange for all of the outstanding stock of Bank of Gowanda at the rate of eight shares of Marine Midland common for each Bank of Gowanda share held of record March 4, 1955. **Underwriter**—None.

Maryland Casualty Co., Baltimore, Md. (2/25)
Feb. 3 filed 296,050 shares of common stock (par $1) to be offered for subscription by common stockholders of record Feb. 24 on the basis of one new share for each six shares held; rights to expire March 10. **Price**—To be supplied by amendment. **Proceeds** — To retire 213,748 shares of $2.10 preferred stock at $52.50 per share; and for working capital. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane.

May Department Stores Co. (3/1)
Feb. 9 filed $25,000,000 of sinking fund debentures due March 1, 1980. **Price** — To be supplied by amendment. **Proceeds** — For working capital and for current and future expansion projects. **Underwriters** — Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Merritt-Chapman & Scott Corp.
Dec. 21 filed 3,018,567 shares of common stock (par $12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par $5) of Tennessee Products & Chemical Corp., at the rate of 1¼ shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par $2) of Devoe & Raynolds Co., Inc. at the rate of 1⅔ shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par $1) of Devoe, at the rate of 1⅓ shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par $1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par $1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par $10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 1½ shares for each share of common stock of Marion: and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on Feb. 28. **Dealer-Manager**—A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

Mesa Petroleum Co., Inc., Wichita, Kans.
Feb. 9 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—To complete wells already drilled on properties owned by company; and to drill additional wells. **Office**—303 Insurance Building, Wichita, Kans. **Underwriter**—Albert C. Schenkosky, same address.

★ Minnesota & Ontario Paper Co. (3/9)
Feb. 21 filed $14,000,000 of sinking fund debentures due 1975. **Price**—To be filed by amendment. **Proceeds**—To prepay 4% promissory notes due Oct. 1, 1966, and for general corporate purposes. **Underwriters**—Blyth & Co., Inc., New York and San Francisco; and Alex. Brown & Sons, Baltimore, Md.

★ Missouri Research Laboratories, Inc.
Feb. 14 (letter of notification) $300,000 of 6% sinking fund debentures, series A. **Price**—At par. **Proceeds**—For general corporate purposes. **Office**—2109 Locust St. St. Louis 3, Mo. **Underwriter**—P. W. Brooks & Co. Inc. New York.

Missouri Uranium Corp., Kansas City, Mo.
Jan. 24 filed 150,000 shares of preferred stock (par $5) and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. **Price**—$5 per unit. **Proceeds**—For exploration and development, etc. **Underwriter**—Dale E. Klepinger & Associates, 203 W. Dartmouth, Kansas City, Mo.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development operations. **Office**—Ernest and Cranmer Bldg., Denver, Colo. **Underwriter**—Investment Service Co., same city.

★ **Moran Electronic Components, Inc., Kensington, Md.**
Feb. 15 (letter of notification) 100 shares of common stock (no par) and 4,000 shares of 7% cumulative preferred stock. **Price**—Of preferred, at par ($10 per share). **Proceeds** — To purchase raw materials and equipment; and for expansion. **Office** — 10506 Wheatley St., Kensington, Md. **Underwriter**—None.

Mother Lode Uranium Co.
Jan. 28 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (two cents per share). **Proceeds**—For mining operations. **Office**—470 South 13th East, Salt Lake City, Utah. **Underwriter**—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

★ **National Aviation Corp., New York**
Feb. 18 filed 111,618 shares of capital stock (par $5) to be offered for subscription by stockholders at rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds** — For investment. **Underwriter**—None.

New England Telephone & Telegraph Co. (3/1)
Feb. 4 filed 511,205 shares of capital stock to be offered for subscription by stockholders of record March 1, 1955 at the rate of one new share for each five shares held; rights to expire on March 31. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, which owns 1,769,035 shares (69.21%) of the outstanding stock. **Underwriter**—None.

★ **New Mexico Copper Corp., Carrizozo, N. M.**
Feb. 16 (letter of notification) 80,698 shares of common stock (par 25 cents). **Price**—At market (not to exceed 60 cents per share). **Proceeds**—To underwriters. **Underwriters** — Mitchell Securities, Inc., Baltimore, Md.; Weber-Millican Co. and Charles M. Weber, both of New York City.

New Pacific Coal & Oils, Ltd., Toronto, Canada
Dec. 28 (regulation "D") 275,000 shares of common stock (no par), of which 120,000 shares are to be offered in Canada and 155,000 shares in the United States. **Price**—55 cents per share. **Proceeds** — To selling stockholders. **Underwriter**—L. D. Friedman & Co., New York.

New Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

Nipissing Mines Co. Ltd., Toronto, Canada
Jan. 3 filed 1,200,000 shares of common stock (par $1—Canadian) being offered as "speculative" securities for subscription by common stockholders of record Jan. 26, 1955, on a share-for-share basis; rights will expire on Feb. 28. **Price**—$2 (Canadian) and $2.06 (U. S.) per share. **Proceeds**—For payment of options, development of properties, and for machinery and equipment. **Underwriters**—Allan H. Investments, Ltd.; Alator Corp., Ltd.; Louis A. Chesler; and Bradley Streit; all of Toronto, Canada.

★ **North American Petroleum Corp., Corpus Christi, Texas**
Feb. 11 (letter of notification) 200,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For oil drilling expenses. **Underwriter**—None.

● **North American Television Productions, Inc. (3/1)**
Feb. 3 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For production of films, working capital, etc. **Business**—Production and distribution of motion pictures for television, theatrical, and non-theatrical exhibitions. **Office**—222 East 46th St., New York, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc. and Baruch Brothers & Co., Inc., both of New York.

★ **Oklahoma Gas & Electric Co. (3/17)**
Feb. 23 filed 331,643 shares of common stock (par $10) to be offered for subscription by common stockholders of record about March 16 on the basis of one new share for each eight shares held; rights to expire on or about March 31. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● **Olympic Development Co., Stamford, Conn.**
Jan. 13 (letter of notification) 85,628 shares of common stock (par $1) being offered for subscription by stockholders of record Jan. 24 at rate of two new shares for each share held (with an oversubscription privilege for an additional five shares). **Price**—$3.50 per share. **Proceeds**—To retire short-term notes and for working capital. **Office**—30 Commerce St., Stamford, Conn. **Underwriter**—None.

★ **Pacific Finance Corp., Los Angeles, Calif. (3/14)**
Feb. 21 filed $14,000,000 of 4½% capital debentures due 1967. **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding $9,000,000 5½% capital debentures due 1973. **Underwriters** — Blyth & Co., Inc., San Francisco and New York; and Hornblower & Weeks, New York.

Pacific Gas & Electric Co. (3/2)
Feb. 14 filed $50,000,000 of first and refunding mortgage bonds, series Y, due Dec. 1, 1987. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received on March 2.

Paramount Uranium Corp., Moab, Utah
Oct. 7 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—325 Main St., Moab, Utah. **Underwriter**—Van Blerkom & Co., Salt Lake City, Utah.

Pay Day Uranium Co., Las Vegas, Nev.
Oct. 15 (letter of notification) 2,500,000 shares of capital stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—230 Fremont St., Las Vegas, Nev. **Underwriter**—Allied Underwriter Co., the same city.

● **Petroleum Reserves, Inc., New York (3/10)**
Feb. 14 filed $7,500,000 of 4% debentures due 1970, 100,000 shares of 5% preferred stock (par $25) and 1,000,000 shares of common stock (par 10 cents) to be offered in units of $750 principal amount of debentures, 10 shares of preferred stock and 100 shares of common stock. **Price**—To be supplied amendment. **Proceeds**—For acquisition of producing oil and gas properties. **Underwriter**—Smith, Barney & Co., New York.

★ **Pitney-Bowes, Inc., Stamford, Conn.**
Feb. 11 (letter of notification) nine shares of common stock to be offered pursuant to stock purchase plan. **Price** — Estimated at $21.16 per share. **Proceeds**—For working capital. **Underwriter**—None.

● **Porter-Cable Machine Co.**
Jan. 27 (letter of notification) 24,000 shares of common stock (par $10) being offered for subscription by common stockholders of record Jan. 21 on the basis of one new share for each 7½ shares held. **Price**—To stockholders, $11.50 per share; to public, $12.50 per share. **Proceeds**—For working capital, etc. **Office**—Syracuse, N. Y. **Underwriters** — George D. B. Bonbright & Co., Rochester, N. Y.; William N. Pope, Inc., Syracuse, N. Y.; Doolittle & Co., Buffalo, N. Y.; and First Albany Corp., Albany, N. Y.

Public Service Electric & Gas Co.
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co. **Offering** — Temporarily delayed.

★ **Pyramid Life Insurance Co., Charlotte, N. C.**
Feb. 15 filed 250,000 shares of capital stock (par $1) to be offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each three shares held. Any shares remaining unsubscribed 30 days following date of mailing of warrants will be disposed of through the company's executive committee. **Price**—$3.75 per share. **Proceeds**—To expand business. **Underwriter**—None.

Ranger Lake Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York.

Rare Earth Mining Corp. of Canada, Ltd.
Nov. 18 amendment (Regulation "D") 242,850 shares of common stock. **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Underwriter** — James Anthony Securities Co., New York.

Ready-Made Buildings, Inc. (2/28-3/4)
Feb. 8 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase building sites, equipment and inventory, and for working capital. **Office** — 405 Globe Bldg., Pittsburg, Kansas. **Underwriter**—Aetna Securities Corp., New York.

Reliance Electric & Engineering Co. (3/2)
Feb. 8 filed 50,000 shares of common stock (par $5) **Price**—To be supplied by amendment. **Proceeds**—To Reeves Pulley Co., who with its subsidiary is selling their operating assets for 80,000 shares of Reliance stock and cash. **Office** — Cleveland, Ohio. **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

Rico Argentine Mining Co.
Dec. 2 (letter of notification) 70,395 shares of common stock (par 50 cents), being offered for subscription by stockholders of record Jan. 14 on the basis of one new shares for each 12½ shares held (with an oversubscription privilege); rights to expire on Feb. 28. **Price**—$4.25 per share. **Proceeds**—Toward payment of construction of sulphuric acid plant at Rico, Colo. **Office**—132 South Main St., Salt Lake City, Utah. **Underwriter**—None, but Bonneville-On-The-Hill Co., a stockholder will subscribe for all shares not taken by other stockholders. **Subscription Agent** — Guaranty Trust Co. of New York, 140 Broadway, New York 15, N. Y.

Rochester Gas & Electric Corp. (2/24)
Feb. 3 filed $10,000,000 first mortgage bonds, series O, due 1985. **Proceeds**—For construction program, including the discharge of $9,200,000 short term obligations. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Shields & Co.; Union Securities Corp., Equitable Securities Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on Feb. 24.

● **Rowland Products, Inc., Berlin, Conn.**
Jan. 28 (letter of notification) 5,727 shares of common stock being offered for subscription by stockholders of record Feb. 1, 1955 at the rate of one new share for each two shares held; rights to expire on March 4, 1955. **Price**—At par ($25 per share). **Proceeds** — For purchase of machinery and equipment. **Office**—Fairview Place, Berlin, Conn. **Underwriter**—None.

★ **Saaty Fuel Injector Corp., Providence, R. I.**
Feb. 11 (letter of notification) 800 shares of common stock (par $1). **Price**—At market (estimated at $12 per share). **Proceeds** — For working capital. **Office**—1050 Broad St., Providence, R. I. **Underwriter**—d'Avigdor & Co., New York.

★ **St. Regis Paper Co., New York**
Feb. 18 filed 24,381 shares of common stock (par $5) to be offered in exchange for common stock (par $1) of Michigan Molded Plastics, Inc. on the basis of one St. Regis share for each 5¼ shares of Michigan common stock of which there are 128,000 shares outstanding. **Underwriter**—None.

Salisbury Broadcasting Corp., Paxton, Mass.
Jan. 20 (letter of notification) $150,000 of 5% notes and 6,000 shares of common stock (par $1) to be offered first to stockholders in units of $1,000 of notes and 40 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — Asnebumskit, Paxton, Mass. **Underwriter** — Kinsley & Adams, 6 Norwich St., Worcester, Mass.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Francisco Brewing Corp.
Feb. 3 (letter of notification) 6,500 shares of common stock (par $10), represented by voting trust certificates. **Price**—$42.50 per share. **Proceeds**—To Estate of Anna M. Lurmann. **Office**—470-10th St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., same city.

San Miguel Uranium Mines, Inc.
Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For mining operations. **Office** — Mineral Bldg., Grand Junction, Colo. **Underwriter** — Tellier & Co., Jersey City, N. J.

★ **Sentry Safety Control Corp., Philadelphia, Pa.**
Feb. 11 (letter of notification) 14,666 shares of common stock. **Office**—1917-1921 W. Oxford St., Philadelphia, Pa. **Underwriter**—None.

Sheraton Corp of America
Feb. 4 filed $10,000,000 of 4¾% convertible debentures due March 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—To be used principally to reduce short term bank loans. **Underwriters**—Paine, Webber, Jackson & Curtis; White, Weld & Co.; Lehman Brothers; Hemphill, Noyes & Co.; and Hamlin & Lunt.

Shumway Uranium Mining Corp.
Jan. 28 (letter of notification) 200,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—64 East 4th South St., Salt Lake City, Utah. **Underwriter**—Doxey Investment Co., same city.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah
Jan. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—130 South 13th East, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

★ **Solomon & Gelman, Inc., N. Y.**
Feb. 9 (letter of notification) an aggregate value of approximately $60,000 of common stock. **Price**—$306.12 per share. **Proceeds**—For operational and development costs. **Office** — 247 West 46th St., New York 36, N. Y. **Business**—Publications for consumption by children and the general public. **Underwriter**—None.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo.

★ **South Broadway Lockers, Inc., Englewood, Colo.**
Feb. 10 (letter of notification) 36,900 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay

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off long term indebtedness and take up option to purchase property and also expand the business. Office—4509 South Broadway, Englewood, Colo. Underwriter—None.

★ South Carolina Continental Telephone Co., Sumter, S. C.
Feb. 14 (letter of notification) 12,000 shares of 5½% cumulative preferred stock. Price — At par ($25 per share). Proceeds — For improvements and additions to property. Underwriter — Carolina Securities Corp., Charlotte, N. C.

South Carolina Electric & Gas Co. (2/25)
Feb. 2 filed 210,053 shares of common stock (par $4.50) to be offered for subscription by common stockholders of record Feb. 24 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on March 10. Price—To be supplied by amendment. Proceeds—For new construction program and to furnish a portion of additional equity capital required by South Carolina Generating Co., a subsidiary. Underwriter—Kidder, Peabody & Co., New York.

Southeastern Public Service Co.
Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being offered in exchange for Hamilton Gas Corp. capital stock (par $1) on the basis of 3½ Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. Office—70 Pine St., New York 5, N. Y. Underwriter—None.

★ Southern Nevada Power Co., Las Vegas, Nev. (3/15)
Feb. 21 filed 75,000 shares of cumulative convertible preferred stock (par $20). Price—To be filed by amendment. Proceeds—For new construction. Underwriters—William R. Staats & Co., Los Angeles, Calif.; Hornblower & Weeks, New York; and First California Co., San Francisco, Calif.

★ Southern Union Oils, Ltd. (3/1)
Feb. 16 filed 1,211,002 shares of common stock (par $1) of which 511,002 shares are to be offered for subscription by existing stockholders on a basis of one new share for each share held. Price — To stockholders, 50 cents per share; and to public, 60 cents per share. Proceeds—For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. Office—Toronto, Canada. Underwriter—Willis E. Burnside & Co., Inc., New York.

★ Southwestern Virginia Gas Service Corp.
Feb. 14 (letter of notification) $50,000 of 5½% series E debentures due March 1, 1978. Price—96% of principal amount. Proceeds—To retire bank loan and for working capital. Office—Martinsville, Va. Underwriters—Bioren & Co., Philadelphia, Pa., and C. T. Williams & Co., Inc., Baltimore, Md.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds — For exploration and development costs. Underwriter—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price—$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter—None.

★ Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. Price—$10 per unit. Proceeds—To purchase property; for construction of hotel; and for working capital. Underwriter—Coombs & Co., Salt Lake City, Utah.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. Price—At par (one cent per share). Proceeds—For development and exploration costs. Office—Medical Arts Bldg., Las Vegas, Nev. Underwriter—Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah
Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). Price—10 cents per share. Proceeds—For exploration and development expenses. Office—Newhouse Bldg., Salt Lake City, Utah. Underwriter—Guss & Mednick Co., same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). Price—10 cents per share. Proceeds—For exploration and development of properties. Office — 1406 Life of America Building, Dallas, Texas. Underwriter — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. Price—10 cents per share. Proceeds—For exploration and development expenses. Office — 317 Railway Exchange Building, Denver, Colo. Underwriter—E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). Price — 3 cents per share. Proceeds—For exploration and development expenses. Office—39 Exchange Place, Salt Lake City, Utah. Underwriter—Walter Sondrup, same city.

★ Texas Hydro Electric Corp., Sequin, Texas
Feb. 16 (letter of notification) 56,000 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of eight new shares for each five shares held; rights to expire some time in March, 1955. Price—$2.35 per share to stockholders; $2.70 per share to public. Proceeds—To pay interest on bonds and debentures, taxes, bank loan and insurance premium. Underwriter—Creston H. Funk & Co., San Antonio, Tex.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. Price—To be supplied by amendment. Proceeds—For exploration and drilling, and payment of bank loans and advances. Underwriter—Vickers Brothers, New York, on a "best efforts" basis.

★ Texas Power Corp., Sequin, Texas
Feb. 16 (letter of notification) 41,600 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one new share for each two shares held. Rights to expire sometime in March, 1955. Price—$2.75 per share to stockholders; $3.15 per share to public. Proceeds—To pay off outstanding debts. Underwriter—Creton H. Funk & Co., San Antonio, Tex.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceeds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter—Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). Price — 15 cents per share. Proceeds—For mining activities. Office—206 N. Virginia St., Reno, Neb. Underwriter—Stock, Inc., Salt Lake City.

Thunderbolt Uranium Corp., Salt Lake City, Utah
Jan. 31 (letter of notification) 22,000,000 shares of capital stock. Price—At par (one cent per share). Proceeds For mining expenses. Office—2507 South State St., Salt Lake City, Utah. Underwriter—Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—1122 Mile High Center, Denver 2, Colo. Underwriter—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For exploration and development costs. Office—358 S. 3rd St. East, Salt Lake City, Utah. Underwriter—Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). Price — 10 cents per share. Proceeds—For exploration and development costs. Office—906 Walker Bank Bldg., Salt Lake City, Utah. Underwriter—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). Price—Two cents per share. Proceeds — For exploration and development costs. Office—424 Judge Bldg., Salt Lake City, Utah. Underwriter—James E. Reed Co., same city.

Union Oil Co. of California (3/2)
Feb. 10 filed $60,000,000 of convertible debentures due 1975 (subordinate). Price—To be supplied by amendment. Proceeds—To prepay $10,000,000 of promissory notes and $5,000,000 of 3.70% purchase money obligations (the latter at 103.45%); to redeem at $102.50 per share all of the outstanding $3.75 cumulative preferred shares, series A; for exploration and development of oil and gas properties and for other property additions; and for general corporate purposes. Underwriter—Dillon, Read & Co. Inc., New York.

United Canadian Uranium Corp.
Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). Price—25 cents per share. Proceeds—For mining expenses. Office—701 Ernest and Cranmer Building, Denver 2, Colo. Underwriter—Carroll, Kirchner & Jaquith, Inc., same city.

United States Ceramic Tile Co. (3/2)
Jan. 31 filed 70,000 shares of common stock (par $5), of which 8,538 shares are to be offered by the company and 61,462 shares by certain selling stockholders. Price—To be supplied by amendment. Proceeds — For working capital and general corporate purposes. Office—Canton, Ohio. Underwriter — Granbery, Marache & Co., New York.

United Uranium Corp., Denver, Colo.
Jan. 26 (letter of notification) 4,133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. Proceeds—For mining expenses. Underwriter—John L. Donahue, 430 16th Street, Denver 2, Colo.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. Price — At par ($1 per share). Proceeds — For cost of Driller Boy (drilling equipment which company rents out), and working capital. Office—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. Underwriter—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Uranium Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For core drilling program upon two groups of claims. Address—Box 709, Wallace, Idaho. Underwriter—Wallace Brokerage Co., same city.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For exploration and development costs. Office—420 Felt Building, Salt Lake City, Utah. Underwriter—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). Price—Six cents per share. Proceeds—For exploration and development expenses. Office—430 Judge Bldg., Salt Lake City, Utah. Underwriter—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). Price — Three cents per share. Proceeds—For exploration and development expenses. Office—1818 Beverly Way, Las Vegas, Nev. Underwriter—First Western Securities, same city.

Vada Uranium Corp., Ely, Nev.
Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). Price — 15 cents per share. Proceeds—For mining expenses. Office—280 Aultman St., Ely, Nev. Underwriter—Bristol Securities Co., Fall River, Mass.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. Price—At par (five cents per share). Proceeds—For expenses incident to mining operations. Address—P. O. Box 289, Wallace, Idaho. Underwriter—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

★ Washington Gas Light Co. (3/8)
Feb. 17 filed 126,349 shares of common stock (no par) to be offered for subscription by common stockholders of record March 7 at the rate of one new share for each eight shares held; rights to expire on March 23. Price—To be supplied by amendment. Proceeds—For additions and improvements to property. Underwriters—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—James Anthony Securities Corp., New York.

★ Weco Products Co., Chicago, Ill.
Feb. 8 (letter of notification) 3,000 shares of common stock (par $1). Price—$13.25 per share. Proceeds — To selling stockholder. Underwriter — Bacon, Whipple & Co., Chicago, Ill.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). Price—30 cents per share. Proceeds—For general corporate purposes. Underwriter—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. Price—To be supplied by amendment. Proceeds—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. Underwriters — White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). Price—To be supplied by amendment. Proceeds—Together with other funds, to be used to build pipeline. Underwriters—White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). Price—$5 per share. Proceeds—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. Underwriter—Schwanz & Co., Inc., Aurora, Ill.

● Westport Properties Corp., Kansas City, Mo.
Jan. 27 filed 479,158 shares of common stock (par $1) being offered for subscription by stockholders of Chicago, Aurora & Elgin Ry. Co. at rate of one Westport share for each Chicago, Aurora & Elgin share held as of Feb. 17; rights to expire on March 8. Price — $2 per share. Proceeds—To repay bank loans and for working capital. Underwriter—George K. Baum & Co., Kansas City, Mo.

● White Canyon Mining Co. (3/10)
Feb. 4 filed 3,000,000 shares of common stock (par 33⅓ cents). Price—$1 per share. Proceeds—To repay loans and advances; for capital acquisitions; and for expenditures and working capital. Office — Dove Creek, Colo. Underwriters—Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

Winfield Mining Co., Moab, Utah.
Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—For mining expenses. Office—M. L. C. Bldg., P. O. Box 648, Moab, Utah. Underwriter—Security Uranium Service, K. O. V. O. Bldg., Provo, Utah.

Woman's Income Fund, Inc., Baltimore, Md.
Jan. 28 filed 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's Consensus Inc.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital. **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp.
Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For production, development and sale of company's products, working capital and other corporate purposes. **Office**—5119 West Stiles St., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., same city.

★ Wyoming Minerals Corp., Thermopolis, Wyo.
Feb. 16 (letter of notification) 250,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To pay current bills and purchase equipment and supplies. **Underwriter**—H. P. Jesperson, 2111 Nicholas St., Omaha, Neb.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

• Zapata Off-Shore Co., Houston, Texas
Feb. 14 filed 315,000 shares of common stock (par 50 cents.) **Price**—To be supplied by amendment (expected at $5.50 per share). **Proceeds**—For equipment and working capital. **Underwriter**—To be named by amendment (may be Underwood, Neuhaus & Co., Houston, Texas).

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

Prospective Offerings

Alabama Power Co. (5/31)
Dec. 30 it was announced company plans to issue and sell $15,000,000 first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 31. **Registration**—Scheduled for May 4.

★ Alleghany Corp.
Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par $10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par $100) on the basis of ten shares of 6% stock for each 5½% preferred share held. Dealer-Manager—Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co.
Feb. 16 directors voted to recommend to stockholders that they authorize a new issue of not to exceed $650,000,000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

★ Arkansas Power & Light Co. (3/30)
Feb. 17 it was announced company plans to issue and sell 93,500 shares of cumulative preferred stock (par $100). **Price**—$105 per share. **Proceeds**—Together with other funds, to redeem 47,609 shares of $7 preferred stock and 45,891 shares of $6 preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on March 30. **Registration**—Scheduled for March 3.

• Arkansas Power & Light Co. (3/30)
Feb. 17 company applied to the Arkansas P. S. Commission for authority to issue and sell $18,000,000 of first mortgage bonds due 1985. **Proceeds**—To redeem a like amount of 4¼% bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp. and Union Securities (jointly); White, Weld & Co.; The First Boston Corp. **Bids** — Expected to be received up to 11 a.m. (EST) on March 30. **Registration** — Scheduled March 3.

Atlantic Coast Line RR.
Feb. 7 directors approved a proposal to issue $13,474,000 of a new series of general mortgage 3½% bonds, series X, due Aug. 1, 2002. **Purpose**—To reimburse treasury, in part, for capital expenditures already made. **Underwriter**—None. Bonds are to be held in company's treasury subject to further order of the Interstate Commerce Commission. It is not proposed to sell or otherwise dispose of the series X bonds at this time, nor is it intended that these bonds will ever be issued as such, except possibly in pledge.

• Atlantic Steel Co., Atlanta, Ga. (3/15)
Jan. 24 it was reported company plans to issue and sell 200,000 shares of common stock (par $5). **Proceeds**—For capital expenditures. **Underwriter**—Courts & Co., Atlanta, Ga.

Baltimore & Ohio RR.
Feb. 10 company received ICC exemption from competitive bidding of up to $345,000,000 of new securities. **Proceeds**—For refunding. **Underwriter**—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs.

• Catalin Corp. of America (3/15)
Feb. 2 it was reported that company plans to offer publicly 50,000 shares of convertible preferred stock (par $20). **Registration**—Expected late in February. **Underwriter**—Fulton, Reid & Co., Cleveland, Ohio.

★ Central of Georgia Ry. (3/9)
Bids will be received by the company up to noon (EST) on March 9 at office of J. P. Morgan & Co. Incorporated, 23 Wall St., New York 8, N. Y., for the purchase from it of $930,000 of equipment trust certificates, series A, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

★ Chicago Corp.
Feb. 14 it was announced company plans to offer to its common stockholders the right to subscribe for one new share of common stock for each five shares held. **Price**—To be determined shortly before offering is made. **Proceeds**—For new construction and general corporate purposes.

Chicago & Eastern Illinois RR.
Jan. 25 the company's offer of $15,336,480 of 5% income debentures due Jan. 1, 2054, in exchange, par for par, for the outstanding 383,412 shares of class A stock (par $40) was extended to expire on March 1, 1955. City National Bank & Trust Co., Chicago, Ill., and City Bank Farmers Trust Co., New York, are exchange agents.

• Chicago, Rock Island & Pacific RR.
Jan. 11, J. D. Farrington, President, announced that the directors have authorized the issue and sale of not more than $65,000,000 of 40-year income debentures. **Proceeds**—To redeem its outstanding preferred stock (about 620,000 shares). **Underwriter** — Exemption from the competitive bidding rule was received on Feb. 17. If all holders of preferred stock convert their shares into common stock on a share-for-share basis there will be no debenture sale.

Colonial Trust Co., New York
Feb. 3 it was announced company plans to offer to its stockholders of record Jan. 31, 1955 the right to subscribe for 20,000 additional shares of capital stock on the basis of one new share for each two shares held. **Price**—$50 per share.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Uranium Mines, Inc.
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Detroit Edison Co.
Jan. 21 it was announced stockholders on May 2 will vote on authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

★ Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

★ ElectroData Corp., Pasadena, Calif.
Feb. 23 it was announced company plans to file a registration statement soon with the SEC for the sale of additional common stock to raise approximately $2,000,000 in new capital. **Proceeds** — For expansion and working capital. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Flo-Mix Fertilizers Corp., Houma, La.
Feb. 7 it was reported company plans early registration of 585,000 shares of common stock (par 10 cents). **Price**—Expected at $5 per share. **Proceeds**—For equipment and working capital. **Business** — Distributes fertilizers and mechanical applicators for their use. **Underwriter**—Charles W. Tschirn, Delta Bldg., New Orleans, La.

★ General Finance Corp., Chicago, Ill.
Feb. 16 it was announced company contemplates that additional financing in the form of additional bank loans, subordinated debt and/or additional preferred stock will be effected in the coming year. With this thought in mind the directors have proposed an amendment to the charter to create additional shares of preferred stock, without par value. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

Georgia Power Co. (5/10)
Dec. 30 it was announced company plans to issue and sell $12,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 10. **Registration**—Scheduled for April 13.

Giddings & Lewis Machine Tool Co.
Feb. 15, the stockholders approved a proposal to increase the authorized common stock (par $2) from 400,000 shares (360,000 shares outstanding) to 750,000 shares, in order to have additional shares which would be available for acquisition of any business, increased working capital, plant expansion or exchange of shares in other companies. **Underwriter** — Previous financing handled by Hornblower & Weeks and associates.

Gulf Cities Gas Corp.
Jan. 17, D. L. Alberty, Executive Vice-President, announced that the company will have another stock issue in the near future. **Proceeds**—For expansion. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York, handled previous financing.

Hanover Fire Insurance Co.
Jan. 12 it was announced stockholders will vote March 7 on authorizing an offering to stockholders during the latter part of March of 100,000 additional shares of capital stock on the basis of one new share for each four shares held. **Price**—To be named later. **Proceeds**—To expand activities in the casualty and multiple line fields. **Underwriters**—The First Boston Corp. and R. W. Pressprich & Co., both of New York.

★ Hartford Gas Co.
Feb. 14 it was announced stockholders will vote March 16 on issuance and sale of $1,500,000 convertible debentures due 1965, first to preferred and common stockholders at rate of $25 principal amount of debentures for each three shares held. **Underwriter**—None. **Offering**—Expected in May or June, 1955.

Horseshoe Bend Uranium, Inc.
Feb. 1 it was announced that company plans to issue and sell 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Underwriters**—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y.; and Ned J. Bowman Co., Salt Lake City, Utah.

Illinois Central Telephone Co.
Jan. 26 it was reported company plans to sell in Illinois only, 15,000 shares of 5½% cumulative preferred stock (par $50). **Underwriter**—Central Republic Co. (Inc.), Chicago, Ill.

★ Industrial Raw Materials Corp., New York
Feb. 21 it was reported that offering of 125,000 shares of common stock is soon expected. **Proceeds**—To selling stockholders. **Office**—575 Madison Ave., New York 22, N. Y. **Underwriters**—Milton D. Blauner & Co.; Baruch Brothers & Co.; and Hallowell, Sulzberger & Co.

★ Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to issue and sell $12,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; Lehman Brothers; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kidder, Peabody & Co. **Offering**—Expected before the end of June.

★ Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering** — Expected before July 1.

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Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock is presently being made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Kin-Ark Oil Co.
Feb. 9 it was reported company plans to issue and sell 500,000 shares of common stock. **Price**—$2.75 per share. **Underwriter**—Van Alstyne, Noel & Co., New York. **Registration**—Expected in about 10 days. **Offering**—May be late in March.

• Maine Central RR.
Feb. 19 the company asked ICC for authority to issue $1,700,000 of new 23-year first mortgage collateral bonds for sale without competitive bidding. **Proceeds**—To redeem approximately $1,400,000 of 5% first mortgage divisional bonds which were sold in 1952 through Blair & Co. Incorporated, New York, and Coffin & Burr, Inc., Boston, Mass.

• Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

★ Missouri Pacific RR.
Bids are expected to be received in March or April for $3,765,000 equipment trust certificates due 1956-1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

Missouri Public Service Co.
Feb. 14 it was reported company stockholders will vote March 12 on increasing common stock from 530,000 shares to 2,000,000 shares to provide for a 3-for-1 split-up, and additional stock for future issuance. **Underwriter**—May be Kidder, Peabody & Co., New York.

Murphy (G. C.) Co., McKeesport, Pa.
Feb. 8 it was announced stockholders will on April 12 vote on a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

★ National Shares Corp.
Feb. 21 it was announced company plans to offer to its stockholders the right to subscribe for 360,000 shares of capital stock (par $1) on the basis of one new share for each two shares held. **Price** — To be determined later. **Proceeds**—For investment. **Underwriter**—Dominick & Dominick, New York. **Registration**—Planned for early in March.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

North Penn Gas Co.
Dec. 17 it was announced 420,000 shares of common stock (par $5) will soon be offered to public. **Price**—To be named later. **Proceeds**—To The Post Publishing Co., publisher of The Boston Post. **Underwriter**—Eastman, Dillon & Co., New York.

Northern Indiana Public Service Co.
Jan. 12, D. H. Mitchell, President, announced that the company plans to raise approximately $12,000,000 of new money (which may be done through sale of preferred and/or common stock). **Underwriters**—Probably Central Republic Co. (Inc.), Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Pacific Northwest Pipe Line Corp.
Feb. 11, Federal Power Commission approved the company's plan to offer publicly $17,220,000 of 6% interim notes due May 1, 1956 (convertible into preferred stock at maturity) and 287,000 shares of common stock (par $1) in units of $60 principal amount of notes and one share of stock. **Price**—$70 per unit. **Proceeds**—Together with other funds, to finance construction of a 1,400-mile natural gas pipe line between Ingancio, Colo., and Sumas, Wash., on the Canadian border. In addition, 1,549, 100 shares of common stock would be offered for subscription by present stockholders who already own 700,000 shares. **Underwriter**—White, Weld & Co.; Kidder, Peabody & Co.; Dominion Securities Corp.; Union Securities Corp. **Registration**—Expected late in February or early in March.

Pan American Sulphur Co.
Feb. 3 it was reported company is considering offer late in March of $4,500,000 subordinated convertible debentures (first to stockholders). **Underwriter**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

★ Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

★ Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

People's Finance Corp., Denver, Colo.
Jan. 31 it was reported company plans to issue and sell about $500,000 of 6% convertible preferred stock. **Proceeds**—For expansion. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in April.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue and sell 100,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. **Offering**—Expected in April or May, 1955.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southwestern Gas & Electric Co.
Jan. 17 it was reported company is planning to issue and sell $6,000,000 of cumulative preferred stock (par $100). **Proceeds**—To prepay bank loans and for construction program. **Underwriters**—To be determined by competitive bididng. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Offering**—Expected in April or May, 1955.

Storer Broadcasting Co.
Feb. 7 it was announced company plans to publicly offer 262,750 shares of common stock. **Proceeds**—To reduce long-term debt and to redeem 15,000 shares of 7% preferred stock (par $100). **Underwriter**—Reynolds & Co., New York.

Texas Eastern Transmission Corp.
Jan. 12, it was reported that company plans to issue and sell this year $20,000,000 of preferred stock and $15,000,000 of common stock. **Underwriter**—Dillon, Read & Co. Inc., New York.

• Transcontinental Gas Pipe Line Corp. (4/1)
Nov. 24 Tom P. Walker, President, announced that the construction program for 1955 and replacement of bank borrowings made in 1954 wil require financing during 1955 of about $85.000.000. It is planned to offer publicly about April 1 $15,000,000 of preferred stock. About $50,-000,000 of bonds will be sold later this year (may be done privately). **Underwriter**—White, Weld & Co. and Stone & Webster Securities Corp.

• Trav-Ler Radio Corp.
Feb. 21 it was reported company plans early registration of $1,500,000 12-year convertible debentures with stock purchase warrants (each $1,000 debenture to be accompanied by 100 warrants). **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. **Registration** — Expected in near future.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

Van Norman Co.
Jan. 27 it was announced company plans to offer to its stockholders 124,667 shares of common stock on a 1-for-3 basis, plus a warrant to buy an additional share over a 10-year period. **Underwriter**—Paine, Webber, Jackson & Curtis. **Offering**—Expected in March.

★ Vanadium Queen Uranium Co.
Feb. 21 it was reported company plans to issue and sell 720,000 shares of common stock. **Price**—Expected to be $2.50 per share. **Underwriter**—Van Alstyne, Noel & Co., New York.

West Texas Utilities Co.
Jan. 5 it was reported company plans the sale of $7,000,000 30-year first mortgage bonds (probably in May, 1955). **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co.; The First Boston Corp.

Western Auto Supply Co. (Mo.)
Jan. 12 it was announced that stockholders on March 15 will vote on approving a proposal to create an issue of 100,000 shares of preferred stock and $5,000,000 of bonded debt, and on increasing the authorized common stock from 1,335,000 shares to 2,500,000 shares. The company may raise about $10,000,000 through the sale of $5,000,000 preferred stock and $5,000,000 bonds to finance the purchase of 140 retail stores owned by Gamble-Skogmo, Inc. **Underwriter** — Merrill Lynch, Pierce Fenner & Beane, New York.

Western Light & Telephone Co., Inc.
Nov. 24 it was announced company plans to issue and sell $3,000,000 first mortgage bonds due 1985 and about 40,000 additional shares of common stock (the latter to stockholders on a 1-for-10 basis). **Proceeds**—For construction program. **Underwriters**—May be Dean Witter & Co. and The First Trust Co. of Lincoln, Neb. Bonds may be sold publicly or privately, depending on market conditions.

Westpan Hydrocarbon Co. (4/15)
Dec. 11 it was reported Sinclair Oil Corp. will ask for bids for 384,861 shares of Westpan stock about April 15, 1955, if it has not been able to dispose of these holdings before that date. **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

DIVIDEND NOTICES

SOUTHERN PACIFIC COMPANY
DIVIDEND NO. 149

A QUARTERLY DIVIDEND of Seventy-five Cents ($.75) per share on the Common Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on March 21, 1955, to stockholders of record at the close of business February 28, 1955.

E. J. GOODWIN, Treasurer.
New York, N. Y., February 17, 1955.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 160 of fifty cents (50¢) per share on the common stock payable April 15, 1955, to stockholders of record at the close of business on March 15, 1955.

GERARD J. EGER, Secretary

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 163

A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable April 1, 1955, to stockholders of record at the close of business on March 15, 1955. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN
Exec. Vice Pres. & Sec'y.

ARO

The ARO EQUIPMENT CORP.
Bryan, Ohio

Quarterly Dividend Notice

The Board of Directors has declared a quarterly dividend of 30c per share in cash on common stock, payable April 15, 1955 to shareholders of record at the close of business on March 23, 1955.

L. L. HAWK
Sec.-Treas.

February 15, 1955

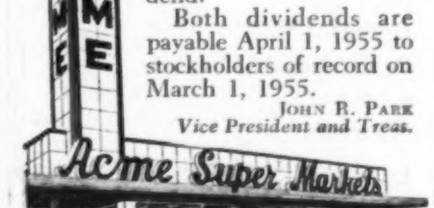
AMERICAN STORES COMPANY
146th Dividend

The Board of Directors on February 16, 1955 declared the regular quarterly dividend of 50c per share.

At the same time the Board of Directors declared a 5% stock dividend.

Both dividends are payable April 1, 1955 to stockholders of record on March 1, 1955.

JOHN R. PARK
Vice President and Treas.



HOMESTAKE MINING COMPANY
DIVIDEND NO. 895

The Board of Directors has declared Dividend No. 895 of forty cents ($.40) per share of $12.50 par value Capital Stock, payable March 11, 1955, to stockholders of record March 1, 1955.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

JOHN W. HAMILTON, *Secretary.*
February 11, 1955.

Johns-Manville Corporation
DIVIDEND

The Board of Directors declared a dividend of 75c per share on the Common Stock payable March 11, 1955, to holders of record February 28, 1955.

ROGER HACKNEY, *Treasurer*

IRVING TRUST COMPANY
One Wall Street, New York

February 17, 1955

The Board of Directors has this day declared a quarterly dividend of 30 cents per share on the capital stock of this Company, par $10, payable April 1, 1955, to stockholders of record at the close of business March 1, 1955.

RALPH B. PLAGER, *Secretary*

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 58 cents per share on the Common Stock of the Company, payable April 1, 1955 to stockholders of record at the close of business March 2, 1955.

D. W. JACK
Secretary

February 18, 1955

IBM INTERNATIONAL BUSINESS MACHINES CORPORATION
TRADE-MARK 590 Madison Ave., New York 22

The 160th Consecutive Quarterly Dividend

The Board of Directors of this Corporation has this day declared a dividend of $1.00 per share, payable March 10, 1955, to stockholders of record at the close of business on February 17, 1955. Transfer books will not be closed. Checks prepared on IBM Electric Punched Card Accounting Machines will be mailed.

A. L. WILLIAMS,
Executive Vice President & Treasurer
January 18, 1955

Bayuk Cigars Inc.

A dividend of fifteen cents (15¢) per share on the Common Stock of this Corporation was declared payable March 15, 1955 to shareholders of record February 28, 1955. Checks will be mailed.

E. ARCHIE MISHKIN
Vice Pres. & Treasurer

Philadelphia, Pa.
February 18, 1955

PHILLIES
America's No. 1 cigar

WEBSTER
The modern-mild cigar

Newmont Mining Corporation
Dividend No. 108

On February 23rd, 1955 the Directors of Newmont Mining Corporation declared a regular dividend of 50¢ per share on the 2,658,230 shares of its Capital Stock now outstanding, payable March 15th, 1955 to stockholders of record at the close of business March 4th, 1955.

WILLIAM T. SMITH, *Treasurer*
New York, N. Y., February 23rd, 1955.

GEORGE W. HELME COMPANY
9 Rockefeller Plaza, New York, N. Y.

On February 23, 1955, a quarterly dividend of 43¾ cents per share on the Preferred Stock and a dividend of 40 cents per share on the Common Stock were declared, payable April 1, 1955, to stockholders of record at the close of business March 8, 1955.

J. P. McCAULEY, Secretary.

UNITED GAS CORPORATION
SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of the Corporation, payable April 1, 1955, to stockholders of record at the close of business on March 10, 1955.

B. H. WINHAM
February 23, 1955 *Secretary*

LONG ISLAND LIGHTING COMPANY

QUARTERLY DIVIDEND

PREFERRED STOCK

The Board of Directors has declared the following quarterly dividends payable April 1, 1955 to holders of Preferred Stock of record at the close of business on March 11, 1955:

Series	*Per Share*
Series B, 5%	$1.25
Series D, 4.25%	$1.0625
Series E, 4.35%	$1.0875

VINCENT T. MILES
Treasurer
February 23, 1955

NATIONAL STEEL *Corporation*

NATIONAL STEEL

101st Consecutive Dividend

The Board of Directors at a meeting on February 11, 1955, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable March 14, 1955, to stockholders of record February 25, 1955.

PAUL E. SHROADS
Vice President & Treasurer

MERCK & CO., INC.
RAHWAY, N. J.

MERCK

Quarterly dividends of 20¢ a share on the common stock, 87½¢ a share on the $3.50 cumulative preferred stock, $1.00 a share on the $4.00 convertible second preferred stock, and $1.06¼ a share on the $4.25 second preferred stock have been declared, payable on April 1, 1955 to stockholders of record at the close of business March 11, 1955.

JOHN H. GAGE,
February 23, 1955 *Treasurer*

KENNECOTT COPPER CORPORATION
161 East 42d Street, New York, N.Y.

February 18, 1955

A cash distribution of One Dollar and Twenty-five Cents ($1.25) a share has been declared today by Kennecott Copper Corporation, payable on March 29, 1955, to stockholders of record at the close of business on March 7, 1955.

ROBERT C. SULLIVAN, *Secretary*

TENNESSEE CORPORATION

February 15, 1955

A dividend of thirty-seven and one-half (37½¢) cents per share has been declared payable March 28, 1955, to stockholders of record at the close of business March 2, 1955.

JOHN G. GREENBURGH
Treasurer.

61 Broadway
New York 6, N. Y.

CHEMICALS
FIBERS
PLASTICS

CELANESE
CORPORATION OF AMERICA
180 Madison Avenue, New York 16, N.Y.

THE Board of Directors has this day declared the following dividends.

4½% PREFERRED STOCK, SERIES A

The regular quarterly dividend for the current quarter of $1.12½ per share, payable April 1, 1955, to holders of record at the close of business March 7, 1955.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1955, to holders of record at the close of business March 7, 1955.

COMMON STOCK

12½ cents per share payable March 24, 1955, to holders of record at the close of business March 7, 1955.

R. O. GILBERT
Secretary
February 23, 1955.

Pullman Incorporated

89th Consecutive Year of Quarterly Cash Dividends paid by Pullman Incorporated and predecessor companies

A regular quarterly dividend of seventy-five cents (75¢) per share will be paid on March 14, 1955 to stockholders of record February 28, 1955.

CHAMP CARRY
President

PULLMAN STANDARD CAR MANUFACTURING CO. — M. W. KELLOGG — TRAILMOBILE

DIXIE CUP COMPANY

The Board of Directors of Dixie Cup Company, makers of paper drinking cups and food containers, has declared the following dividends:

5% Convertible Preferred Stock, Series A—Dividend No. 6 (quarterly)—62½c per share—payable April 11, 1955 to stockholders of record March 10, 1955.

Common Stock—Dividend No. 89 (quarterly)—45c per share—payable March 25, 1955 to stockholders of record March 10, 1955.

H. R. WECKERLEY, Secretary
Dated: February 21, 1955.

TISHMAN REALTY & CONSTRUCTION CO. INC.

DIVIDEND NOTICE

The Board of Directors declared a regular quarterly dividend of thirty-five cents (35c) per share on the Common Stock and a regular quarterly dividend of twenty-five cents (25c) per share on the Preferred Stock of this corporation, both payable March 25, 1955, to stockholders of record at the close of business March 15, 1955.

NORMAN TISHMAN, *President*

Edison

Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

Payable March 31, 1955 to stockholders of record March 5:

ORIGINAL PREFERRED STOCK
Dividend No. 183
50 cents per share.

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 32
27 cents per share.

Payable April 30, 1955 to stockholders of record April 5:

COMMON STOCK
Dividend No. 181
60 cents per share.

PREFERENCE STOCK, 4.48% CONVERTIBLE SERIES
Dividend No. 32
28 cents per share.

PREFERENCE STOCK, 4.56% CONVERTIBLE SERIES
Dividend No. 28
28½ cents per share.

Payable May 31, 1955 to stockholders of record May 5:

CUMULATIVE PREFERRED STOCK, 4.08% SERIES
Dividend No. 21
25½ cents per share.

CUMULATIVE PREFERRED STOCK, 4.88% SERIES
Dividend No. 30
30½ cents per share.

Payable June 30, 1955 to stockholders of record June 5:

ORIGINAL PREFERRED STOCK
Dividend No. 184
60 cents per share.

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 33
27 cents per share.

Checks for the above dividends will be mailed from the Company's office in Los Angeles on the respective payable dates indicated.

P. C. HALE, *Treasurer*
February 18, 1955

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—There is a strong feeling on Capitol Hill that President Eisenhower, as the Congress gets under way, is showing signs of outsmarting himself, at least so far as getting legislative results is concerned.

Already the White House has antagonized members of both parties and both wings of both parties the way the foreign trade and aid to education programs have been handled. There is considerable private bitterness on these two questions.

As for a long time past, however, the bitterness is not directed against the President. It is heaped upon the coterie of White House advisers. It is no secret that the majority estimate of the President on Capitol Hill, regardless of party, is that he is a man lacking a firm grasp of either the economic or political implications of his programs, and that he has allowed himself to become a prisoner of the "progressive moderates." Democrats as well as Republicans rate these advisers as political amateurs.

It is recalled that one year ago, when he proposed his proliferating program of Federal enactments, the majority on the Hill also figured the President was being misled by his advisers, and that he would get little enacted.

Instead the President had considerable success, in terms of what looked like a reasonable expectation, with his legislative program. Are these critics wrong again?

They point out that last year the President achieved considerable success simply because leaders like Charley Halleck swallowed what past convictions they had had, if any, and went down the line for the President.

This year the situation is different. The Democrats with organization of committees and control of the Rules Committee, hold the initiative and even if all the conjurable Charley Hallecks decide to wear red coats instead of their blue coats of a few years ago, they can't do much to affect the decision.

Democrats Evolve Strategy

Meanwhile the Democrats, particularly in the House, have fairly well crystallized on their political strategy. This is a two-part affair.

For one thing, they are going to do their best to create the impression that whatever the President gets, he will get because of the Democratic leadership. This is the defensive phase of their strategy. It assumes that President Eisenhower will certainly be renominated as a Republican, and having convinced budget-balancers and spenders alike that he is in their respective corners, will be re-elected.

Purpose of this strategy is naturally to see to it that Democrats retain and enlarge their control of Congress in case the President wins a second term.

Second, the Democrats, of course, will look for all the "breaks," to attempt to make the President look futile, capitalist minded, and what have you. This to try to win the White House as well.

Just incidentally, Sam Rayburn, unlike the President, is not going to have his Democrats make a record by flailing their arms around and taking stands on all issues. Sam plays it classically. He is going to pick on a comparatively few issues with which to more clearly impress the moron trade with what Democrats will describe as the difference between the two parties.

Aid to Education Bill May Flop

The aid to education bill represents the most typical illustration of the current private disgust of the members of Congress over White House strategy..

They know what the President was getting at. He wanted to seem to be backing Federal aid for school construction yet at the same time paying respect to his alleged positions in favor of local control of schools and a minimum of admitted Federal outlay.

So the White House came up with this Federal aid for school construction scheme. It is infinitely complicated. It proposes the "investment" of $750 millions in purchase of up to 80% of school bond issues. It proposes also that schools should adopt the legally evasive strategy the President has now fallen in love with, with respect to Federal finance, of developing extra-legal gimmicks to avoid debt limits. States already borrowed up would set up "authorities" to borrow on their own (with some Federal aid) and "lease" schoolhouses to local school districts.

Finally, the Federal Government would appropriate only $200 million in direct school construction grants of $20 million to administer agencies to figure out ways to borrow more money.

In about two days the pompous pedagogues demolished this one. They pointed out that before school authorities could be set up, the state legislatures would have to meet to create them. That alone precludes the Eisenhower notion that $6 billion of school spending could come out in three years. And if local school districts can't find revenue enough to service debt, how can they find the same amount of money to service the debt indirectly because the local school district would have expressly to pay a leasing fee equivalent to at least the debt service on the bonds.

From the Congressional viewpoint, this looks like strictly Rube Goldberg. Furthermore, the Senators from the wealthy states are already yowling, for those states which are pretty well handling their own school construction problems would get the least, or nothing. And in these same states the President tends to have his greatest concentration of such "progressive moderate" MC's as haven't been swiped by the Democrats. So even the "Eisenhowercrats" are sore.

Will Need Compromise

It is being said up at the Senate that before any aid to education bill is passed, there will have to be a compromise with the bill by Rep. Lister Hill of Alabama, the Chairman of the Senate Labor Committee.

Mr. Hill has proposed simply that the Federal Government apportion $500 million for grants to aid school construction, letting the states pass the dough around. This is expressly what the pompous pedagogues want—money from heaven — with no strings attached. After all, the states lack engines for the manufacture of money, and the Federal Government has the purtiest engines of this kind yet invented by man.

If any aid to education bill comes out of Committee, it will be one compromised to involve a much greater element of direct Federal grants. The best chance for killing this great new social reform lies in a move, which probably will come from the floor rather than from Committee, commanding that segregation shall not be practiced in any state which receives Federal school aid.

Ike Avoids Consulting Congress

With respect to both the aid to education and the trade bills, the President, as always, is avoiding consulting Republicans in Congress. If Eisenhower talks to a Republican, he just tells the latter, in the politest manner, with his ingratiating smile, just what he is going to do.

Mr. Eisenhower in the year 1955 never asked a prominent Republican conservative what advice the latter had, if any, to give about the foreign trade program, or whether it would pass. At this writing the closed rule squeaked through by one vote, and that one vote dramatically drives home that it was due to Sam Rayburn's taking the floor to reverse a vote on the closed rule that saved the day for the foreign trade program.

It is not that the protectionist Republicans would have loved Mr. Eisenhower's program any more if consulted. But as political technicians they could have advised him how, by learning something from the failure of this trade program in 1954, Mr. Eisenhower could have had a better chance of victory, by even a little compromise here and there.

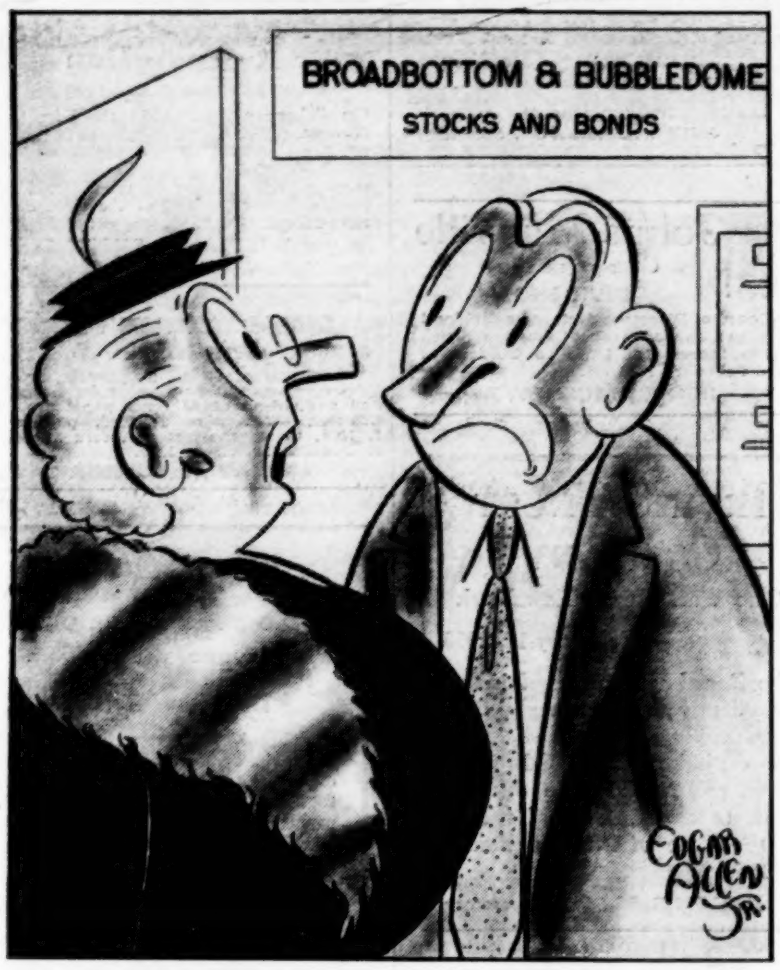
With respect to the aid to education bill, the Republican "progressive moderates" if consulted in advance, obviously would have told the President for cripes sake if he was going to come out with a specific program, to go for something which would bail them out, and not just Democrats from poor states and Republicans from almost as poor states, who would be suspicious anyway of Federal encroachment in the field of education.

As to Federal encroachment, the Housing and Home Finance Agency is daily announcing how it is certifying that cities, large, small, and medium, are coming to dock and conducting city planning, enacting and enforcing zoning codes, surveying their neighborhoods, and in many other ways conducting their affairs as dictated by HHFA bureaucrats. A week ago a city council in Louisiana received a formal certificate from a Federal official that it was going to be a good little city, and therefore would be entitled to Federal loans and capital grants for slum clearance, public housing and a string of loans for "urban rehabilitation."

And just a few years ago that money too, came from heaven.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Mr. Broadbottom is out on the floor!—My Goodness! I never thought he was a drinking man!"

Now With Stern Frank

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Geoffrey M. Berman has become connected with Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York Stock Exchange.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marvin B. Fitz and Harold H. Starr have become affiliated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Starr was previously with Boren & Co.

Three With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Bertram I. Hackel, Robert L. Ingram and John B. Lewis have been added to the staff of California Investors, 3924 Wilshire Boulevard.

Daniel Weston Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Dorothy Parker has been added to the staff of Daniel D. Weston & Co., 140 South Beverly Drive.